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CENTRAL BANK ANNOUNCES 7TH AUSTRAL DEVALUATION

PY272106 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1311 GMT 27 Feb 87

[Text] Buenos Aires, 27 Feb (NA) -- The Argentine Central Bank (BCRA) today devalued the austral by 6.97 percent. This means that the official dollar rate is 153.50 and 154.10 australs per $100.

This is the seventh time the austral has been devalued in February. This most recent devaluation is in keeping with the announcement made by Economy Minister Juan Sourrouille on 25 February.

GOVERNMENT ESTABLISHES NEW WAGES, PRICES

PY280110 Buenos Aires BUENOS AIRES HERALD in English 27 Feb 87 p 11

[Text] (NA-DYN) -- The Government last night issued decrees setting a minimum monthly wage of 170 australs, establishing rules on how wage increases announced by Economy Minister Juan Sourrouille on Wednesday were to be calculated and spelling out sanctions for employers granting higher wage hikes than those authorized.

One of the decrees ruled wages were to be increased as from March 1 by the difference between the 11 percent hike granted earlier this year and the increased living costs for January and February.

Another ruled that employers granting higher wage hikes than those authorized would be barred from obtaining or renewing credits with official banks and from being granted moratoriums on tax and social laws debts, as well as being eliminated from the register of government suppliers and contractors.

Other decrees increased bus fares by 1.8 percent, but did not change the minimum fare of 18 cents.

Train fares and airline tickets were increased two percent and telephone calls by 1.6 percent while postage rates went up 1.7 percent.

Petrol was increased by 15 percent, the new price of prime petrol being set at 0.759 austral and ordinary petrol at 0.683 austral per litre. Natural gas and electric power tariffs went up two percent while cigarettes also were increased by 15 percent.

Meanwhile, some 50 retail shops, mostly groceries and butcher shops, were closed down for 72 hours yesterday for infringing maximum prices set by the government.

Some 600 inspectors took part in the checking of shops in the Boedo, Barracas and Boca districts.

Central Bank Unveils Measures

PY281817 Buenos Aires BUENOS AIRES HERALD in English 28 Feb 87 p 3

[Text] (DYN-NA) -- The Central Bank yesterday unveiled a series of measures within the framework of the new economic packet announced by Economy Minister Juan Sourrouille on Wednesday.

As anticipated by the minister, regulated interest rates were reduced between two and three percentage points. As of yesterday, monthly operations are taken at three percent (deposits) and five percent, (loans). Seven-days term transactions were set at 2.60 percent, 15-days operations at 2.70 percent, and 23-days at 2.80 percent.

The Central Bank has also authorized private and official institutions to operate with public securities of their own or received through deposits.

In another ordinance, the monetary authority established that funds from exports of products declared at customs have to be negotiated at the exchange rate of February 24.

The Central Bank also announced it will issue four-year bearer papers for a nominal value of one million australs, payable in eight semi-annual quotas equivalent to 12.50 percent of the amount issued, as requested by the Treasury.

STOCK EXCHANGE SUSPENDS SALES 27-FEB-2 MAR

PY271745 Buenos Aires DYN in Spanish 1646 GMT 27 Feb 87

[Text] Buenos Aires, 27 Feb (DYN) -- At this very moment (1340), share quotations for the 16 top companies in the stock exchange have been suspended. This measure was adopted under Resolution 2,818 of 7 January 1986, which determines that quotations must be suspended as soon as offerings or demand surpass the stock's previous closing position by 30 percent.

Consequently, operations at this stock exchange will not be resumed until next Monday, 2 March.

BRODERSOHN REPORTS ON DEBT NEGOTIATION MEETINGS

PY020004 Buenos Aires CLARIN in Spanish 1 Mar 87 p 3

[Text] Upon his return from New York where he attended the opening of a new round of negotiations, Finance Secretary Mario Brodersohn said that Argentina had told creditor banks that "it will not be able to continue paying the interest rates currently being charged on its foreign debt, and it insisted that those rates must be substantially lowered for Argentina."

Brodersohn said that the Brazilian policy of suspending interest payments on the foreign debt "raised concern" among international creditor banks. Asked what road Argentina would take, he said that "each country has its own strategy; our negotiation strategy is to try to ensure the rate of economic growth the country needs in 1987. Our country cannot postpone the increase of investments and growth it needs."

In a statement at Ezeiza International Airport, Brodersohn said that interest rates have been substantially reduced for Chile and Venezuela. He added that "if the Game is going to be conducted in such a way that the effort is made by the Argentines alone, with the benefits going to the international banks, then the game will not lead to a stable solution, and it will be interrupted at some point. We are not inclined to continue playing in this way. This is what we told the international banks."

He expressed optimism about the preliminary results of the negotiations, which are now aimed at "obtaining a substantial reduction in interest rates" and an immediate credit of $2.15 billion, "which should make it possible to strive for an internal economic growth of 4 percent of the GDP. We have already said that this rate of internal growth is nonnegotiable."

He expressed his belief that "the position of the creditor banks can be expected to be more flexible now than 15 days ago," because "there have been new developments, such as the position recently taken by Brazil. Now it is our turn to fight for our basic objectives."

Brodersohn, who returned alone because his aides are continuing negotiations in the United States and Europe, said that he asked the creditors for "rapid and serious negotiations."

He also explained to creditors the objectives of the economic measures recently imposed by the Argentine Government, pointing out that "they represent an effort to lower inflation rates and maintain the level of economic activity."

The finance secretary stressed that this effort by the Argentine Government "must be met with seriousness and responsibility by the creditor countries and the international banks."

The plane carrying the finance secretary arrived at Ezeiza Airport at 1115 [1415 GMT]. He made extensive remarks to reporters a few minutes later.

Brodersohn revealed that Under Secretary of Finance Gonzalez and Central Bank Director Daniel Marx and remained in New York for further negotiations, and that lower-echelon officials will remain in the United States and Europe for a week.

The finance secretary then said: "My evaluation of the talks I held in the United States with the chairman of the Federal Reserve, Paul Volcker; the U.S. secretary of the treasury, James Baker; the director-manager of the International Monetary fund, Michel Camdessus; and international bankers is that they were quite positive, considering that we asked them to have serious and rapid negotiations."

"Based on the rapid agreements reached with Chile and Venezuela, I can say that the international bankers want to avoid the protrated negotiations of the past. This is a positive sign, a new development that obviously reflects what happened with Brazil," Brodersohn pointed out.

Finance Secretary Mario Brodersohn will go to Congress next Wednesday [4 March] to explain the nation's Budget Bill for 1987, which was submitted by the executive branch last Friday.

The explanations will be given to the Ways and Means Committee of the Chamber of Deputies, according to information provided by the head of that committee, UCR [Radical Civic Union] Deputy Jesus Rodriguez.

This meeting will mark the beginning of a round of consultations by the committee with government officials, who will brief committee members on all aspects of the budget for the current fiscal year.

PAZ ANNOUNCES SECOND STAGE OF ECONOMIC PLAN

PY280246 Madrid EFE in Spanish 0211 GMT 28 Feb 87

[Excerpts] La Paz, 27 Feb (EFE) -- Bolivian President Victor Paz Estenssoro today asserted that his government is treading the path of victory. Paz Estenssoro made this statement when he announced the beginning of the second stage of his economic model during the swearing-in of the new cabinet.

Paz said that this second stage seeks to modernize the state and to implement an immediate employment policy. He stated that the renewal of the cabinet does not mean that there are changes in the economic policy. He said the cabinet reshuffle is a result of "temporary political circumstances" and "the need to make adjustments in view of the new stage we are undertaking."

Paz Estenssoro confirmed 13 ministers in their posts and appointed new interior, campesino affairs, labor, and aeronautics ministers. He also appointed a new presidential secretary after the cabinet tendered its resignation last night.

This is the second cabinet crisis that Paz Estenssoro has had to confront.

Because the first cabinet reshuffle occurred more than 13 months ago, Foreign Minister Guillermo Bedregal said that "this has been one of the best, most solid cabinets in Latin America."

President Paz stated that after the first stage of implementation of the economic policy, the new cabinet will have to address some urgent tasks.

"I think," the president said, "we must continue to adopt the necessary measures to attract foreign funds and financing. This is essential because Bolivia has no adequate internal savings and we need resources for investments."

Paz Estenssoro added that the new cabinet will address the following tasks: An immediate employment policy, mining diversification, a reorganization of the institutional system, a solution to the issue of gas sales to Argentina, and negotiations with Brazil on exporting hydrocarbons.

The president added that his new cabinet will continue to fight the drug trade, not only to preserve Bolivia's international image, but because drug addiction and other problems stemming from the drug trade are also affecting Bolivia. [passage omitted]

GOVERNMENT OUTLINES PLANS ON 1987 DEBT SITUATION

PY272249 Madrid EFE in Spanish 0325 GMT 27 Feb 87

[Text] La Paz, 26 Feb (EFE) -- Bolivian Information Minister Herman Antelo has announced that in 1987 the Bolivian Government will pay a total of $180 million in interests and capital on its foreign debt. The Bolivian Government spokesman announced that in exchange, Bolivia hopes to receive $400 million.

Antelo reasserted that Bolivia's foreign debt strategy is to pay only those creditors who may issue larger credits.

Antelo said that in 1986 Bolivia paid $114 million to international organizations but that in exchange it received $336 million.

Bolivian Central Bank President Javier Nogales supplied further information regarding the payment of the Bolivian foreign debt. Nogales said that in 1986 Bolivia paid $234 million, while it received $306 million.

According to official reports, Bolivia's foreign debt surpasses $5 billion. Of this total $3.5 billion have already been disbursed and annual interest rates on this amount total almost $800 million, while Bolivian exports total a maximum of $600 million.

Information Minister Herman Antelo said that Bolivia is about to reach an agreement on the terms of payment of its foreign debt with the international private banking sector and foreign governments. Negotiations carried out in 1986 by Bolivian authorities to find a payment plan for the foreign debt were unsuccessful. Antelo expressed his hope that Bolivia will be able to renegotiate its credit obligations in 1987.

Bolivia's main government creditors are Brazil and Argentina with which it has a debt totaling approximately $900 million.

CABINET'S RESIGNATION LETTER PRAISES PAZ REGIME

PY271622 La Paz La Red Panamericana in Spanish 1130 GMT 27 Feb 87

[Text] The national cabinet yesterday en mass tendered its resignation in a letter addressed to President Paz Estenssoro. President Paz Estenssoro and former Foreign Minister Guillermo Bedregal Gutierrez have announced that the new cabinet will be comprised of the best men possible, so as to better solve the problems the country faces. The president added that the government will continue implementing the measures established in its economic program.

This is the second cabinet crisis in President Paz' administration. The resigning ministers were installed on 22 January 1986.

At 1800 yesterday, the resigning cabinet members held a confidential 2-hour meeting at the Foreign Ministry during which they wrote the 3-page resignation letter that was to be delivered to the president. At about 2000 last night, Foreign Minister Guillermo Bedregal went to Government Palace and officially handed President Paz the letter containing the cabinet's resignation. In the letter, the ministers praised the achievements of the economic and social policies implemented by President Paz' administration. They also praised the fact that the executive branch has been careful to include all Bolivian citizens and organizations in the frank and good-intentioned political dialogue it has held. The letter emphasized, however, that groups which in the past practiced a duality of power as a substitute for the power of the state have sometimes tried to overcome this democratic pluralism. It also recalled the government's unremitting fight against drug trafficking and hyperinflation, as well as the efforts the administration has made to restore the ethical values of the Bolivian people. The ministers' letter stated that extremely important results have been achieved and that the adinistration must now be renewed and readjusted.

The letter of resignation added that now that the productive sectors have been reactivated -- a fundamental step to rescue our economy from the stagnation in which it has remained for many years -- its is indispensable to consolidate the rights of the majority so as to improve their welfare in democracy and freedom.

FUNARO DEPARTS FOR WASHINGTON 27 FEB, VIEWS AGENDA

PY271326 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 Feb 87

[Excerpt] [Passage omitted] Minister Dilson Funaro, who yesterday left for the United States, has said that he will not meet with creditor bankers and added that there is nothing wrong with Brazil.

[Begin recording] [Funaro] Not for the time being, we will talk with the ministers of, [changes thought] with the ministers to discuss the international crisis and how it affects countries like Brazil, which want to grow.

Brazil has been paying its debts due to great efforts by its population. The financing mechanism, however, is not functioning as countries [words indistinct] require. We have paid $45 billion over 4 years and received only $11 billon. Therefore, we have disbursed $34 billion in 4 years, and that represents a great effort. There is nothing wrong with our country. Our country is willing to grow, and this is what we will explain abroad.

[Reporter] Will the country request new credits?

[Funaro] No. We will discuss the servicing and payment of the debt, in accordance with the financing mechanisms. [end recording]

The finance minister said that President Sarney is not interested in cash-flow solutions, but in concrete solutions to the Brazilian foreign debt issue.

Minister Dilson Funaro; Central Bank Chairman Francisco Gros; and Alvaro Alencar, Finance Ministry Foreign Affairs coordinator, will be arriving in Washington in a few minutes.

Minister Funaro will meet U.S. Secretary of Treasury James Baker and Federal Reserve Bank Chairman Paul Volcker. He will also meet IMF Managing Director Michel Candessus.

Minister Funaro will leave for Europe tomorrow and will visit Paris, London, and Rome.

Growth Issue Discussed

PY020251 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Mar 87 p 30

[By Marielza Augelli]

[Text] Washington -- The talks Finance Minister Dilson Funaro held the past few days with major U.S. political and economic officials of the Federal Reserve Board, the Treasury Department, the State Department, the IMF, and the World Bank can be summarized as follows:

Brazil will only pay interest on its foreign debt and comply with its other international commitments when the country has a surplus. National growth cannot be negotiated, and our goal is currently to hold broader discussions on our debt with international governments and financing agencies.

After holding a 1-hour 40-minute meeting with World Bank Chairman Barber Conable, Minister Funaro yesterday said at the entrance of a huge office building in downtown Washington: "I cannot talk about concrete decisions because our current goal is to report on our conditions and to hear the opinions of all the nations that have business with Brazil. I will repeat the same words at all countries."

Funaro also said that all the meetings held in Washington were very good: "Apparently, everyone agrees on two details -- the country must grow, and the Brazilian position of not negotiating its growth must be respected."

Funaro was up at 0700 yesterday. Thirty minutes later he was having breakfast with four economic journalists from U.S. and European newspapers and press agencies -- THE WASHINGTON POST, THE WALL STREET JOURNAL, THE FINANCIAL TIMES, and REUTER news agency. Funaro spoke about the Cruzado Plan, exports, and the Brazilian Government's decision on short-term lines of credit.

According to Funaro, the short-term lines of credit were not really frozen. "This is not the proper term. There was no interruption in interest payments or changes in projects 3 and 4 [referring to postponement of due dates for short-term payments involving import operations, and to a request for foreign banks to maintain interbank credit lines to Brazilian banks operating abroad, respectively]. There was a specific request to maintain these lines of credit within the system of Brazilian banks," the minister clarified. He went on to explain that in this way, it will be assured that withdrawals "will return" as deposits. He justified the measure by saying that it was adopted because we are in a transition period. And the bankers reaction? "There were people who did not like it, and there were those who liked it," he replied. Funaro continued his trip to London yesterday at 1700; on 3 March he will be in Paris; on 4 March he will go to the FRG, and spend the night in Italy. Funaro will return to Brazil on 5 March at 2320.

PRESIDENT SARNEY INFORMS CONGRESS ON DEBT ISSUE

PY020142 Paris AFP in Spanish 1739 GMT 1 Mar 87

[Text] Brasilia, 1 Mar (AFP) -- In a message to the first session of the 1987 Congress, President Sarney today said that Brazil has spent 53.6 percent of its exports in servicing its foreign debt. Sarney explained that, in 1986, the balance of the Brazilian reserves was $6,800 [figure as received], and the net debt $97.9 billion. In 1985, the reserves balance was $10.4 billion, and the debt $85.3 billion. Brazil's foreign debt now totals $108.8 billion, and its currency reserves amount to some $3.9 billion.

Sarney told the senators and deputies that in 1986, the Brazilian gross domestic product increased by 7.7 percent compared to 1985, and that industrial growth increased by 11.3 percent. Sarney also said that in 1986, Brazil had to spend 53.6 percent of its exports on servicing the foreign debt.

In his message, Sarney pointed out that the Brazilian decision to suspend interest payments on its foreign debt was a sovereign decision. To this extent, Finance Minister Dilson Funaro has traveled to the United States, Great Britain, the FRG, France, and Italy to explain the Brazilian position to these respective governments.

The meetings with creditor banks, however, will be held by Central Bank Chairman Francisco Gros, and other government officials, who traveled with Funaro.

Brazil is seeking to obtain a multiyear renegotiation of its debt which would enable the country to continue growing.

Because the deputies and senators are also members of the Constituent Assembly, the Congress will only meet this year if it is convoked to debate and decide on urgent issues.

POLL SHOWS SARNEY POPULARITY AT 'ALL TIME LOW'

PY010218 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Feb 87 p a-15

[Text] The unfreezing of prices and a sharp increase in the cost of living have brought the popularity of the Sarney government to an all-time low since the president's inauguration in March 1985. An opinion poll conducted by FOLHA on 24-25 February shows that 42 percent of the residents of Sao Paulo, Rio de Janeiro, Belo Horizonte, Curitiba, Porto Alegre, Salvador, Recife, and Brasilia today regard the government's performance as either "poor" or "extremely poor."

In the last survey conducted by FOLHA of the Joao Figueiredo government, the outcome of which was published on 19 December 1984, 47 percent of the people described the government as either "poor" or "extremely poor."

The highest negative percentages for Sarney came from Salvador (48 percent) and Rio de Janeiro (47 percent); while the lowest negative rates came from Curitiba (21 percent) and Belo Horizonte (27 percent). A weighted average of the opinion polls conducted in eight Brazilian cities demonstrated that only 19 percent of those surveyed regarded the government's performance as "excellent" or "good."

FOLHA obtained the aforementioned data in the 8 cities by examining the opinions of residents who are over the age of 18, taking into account geographical zones, socioeconomic level, sex, and age. The overall results were obtained after evaluating the results in each city, taking into account each city's relative weight [as published].

Unlike the poll taken in the first half of 1986, when there was widespread support for the Cruzdo Plan, the majority of those polled today (63 percent) believed that living conditions have deteriorated. This rate is even lower (43 percent) if we take the weighted average of the eight cities. Twenty percent of the people spontaneously said that conditions improved first, but deteriorated later. For 19 percent of the people, conditions have not changed, and only 17 percent believe there has been real improvement. The highest rate of pessimism was observed in Brasilia (48 percent), and the lowest in Belo Horizonte (26 percent).

There are mixed opinions as to whether the salary escalator clause should be maintained (47 percent were in favor, 39 percent opposed). Yet, 66 percent believed the escalator clause has been steadily feeding inflation.

In a telephone survey conducted last week, 54 percent of Sao Paulo residents regarded as "right" the Brazilian Government's decision to suspend interest payments on the debt. However, the overall opinions are divided: forty-six percent believed the suspension has been positive for the country, 36 percent believed it has been negative, and 10 percent declined to comment on it.

Opinions were equally divided regarding the effects the moratorium will have on the country's economic activities: forty-five percent believe unemployment will increase, while 29 percent expect a higher rate of employment.

Regarding cost of living, the majority (62 percent) believed it will continue to increase, 17 percent believe it will decline, 13 percent said it will remain stable, and 8 percent declined to comment.

SARNEY SIGNS DECREE SETTING NEW MINIMUM WAGE

PY280033 Brasilia Domestic Service in Portuguese 2200 GMT 27 Feb 87

[Text] Beginning on 1 March, the minimum monthly salary will be increased to 1,378 cruzados throughout the nation. President Sarney today signed the decree establishing the new minimum salary.

FUEL PRICES INCREASE BY 15.56 PERCENT

PY271332 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 27 Feb 87

[Text] As of today, gasoline price went up by 15.56 percent. Gas now costs 11.30 cruzados per liter. The fuel alcohol price increased from 6.35 to 7.35 cruzados, and the price of a liter of kerosene went up from 3.19 to 4.10 cruzados.

ENERGY RATIONING IN NORTHEAST BEGINS 1 MARCH

PY251920 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 25 Feb 87

[Excerpt] [Passage omitted] Energy rationing in the Northeastern region will begin 1 March, in spite of Northeastern congressmen opposing the measure.

Representatives of Sao Francisco Hydroelectric Company, Electro Norte, the National Department of Water and Electrical Power, and the Mines and Energy Ministry yesterday explained to northeastern congressmen why rationing must be implemented.

Ceara PMDB Deputy Raimundo Bezerra left the meeting very discouraged.

[Begin Bezerra recording] I realize that it is impossible to prevent the energy rationing. The main reason is that there has been a great lack of vision in handling the issue. We know that the Itaparica Dam should have been built in accordance with the pre-established schedule, so that we might have the 3,000 megawatts required to supply the northeastern region with energy. However, as the dam is not operating, the amount of energy produced is reduced by some 30 percent. The problem could be solved if the (?Alumar) Company, which, alone, consumes as much energy as Pernambuco and Ceara States together, decided to reduce its energy consumption by 50 percent. [end recording] [passage omitted]

BRIEFS

LEPTOSPIROSIS DIAGNOSED -- The Health Secretariat has reported 91 cases of leptospirosis in Sao Paulo, which were diagnosed after storms flooded 24 counties on 25 January. Six people have already died. The Secretariat believes that the number of people who have contracted the disease may actually be greater because the incubation period lasts as long as 19 days. [Text] [Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 13 Feb 87 PY]

ALFONSIN INTERESTED IN PINOCHET'S STABILITY

PY281741 Madrid EFE in Spanish 1450 GMT 28 Feb 87

[Text] Santiago, 28 Feb (EFE) -- A Santiago Daily today revealed the results of a secret report that Argentine President Raul Alfonsin requested on the stability of General Augusto Pinochet's military regime.

According to the daily LAS ULTIMAS NOTICIAS, Argentine Foreign Minister Dante Caputo reported to his president that "Pinochet's situation is unstable." On the other hand, Interior Minister Antonio Troccoli told the president that "Pinochet's position is relatively stable, and for the time being, nothing seems to indicate that there could be any basic changes that would pave the way for the swift return of democracy in Chile."

According to the Chilean daily, Raul Alfonsin "has been slipping into some kind of continental messianism similar to that of Peron, and this makes him pay more attention to foreign than domestic affairs. Thus, instead of wondering about his future, Alfonsin is more concerned about what will happen to Pinochet."

The daily carried this exclusive story on its front page. The story includes the opinion of a special envoy to Chile, and of the Argentine state secretary for information, who believes that "nothing indicates that Pinochet is about to fall or be replaced as president of the nation."

CARABINEROS REPRESS TEACHERS DEMONSTRATION

PY280315 Paris AFP in Spanish 0235 GMT 28 Feb 87

[Text] Vina del Mar, 27 Feb (AFP) -- The Chilean Carabineros tonight arrested 10 people during violent riots that took place in downtown Vina del Mar, 140 km west of Santiago, where 100 teachers staged a march to protest against the military regime.

Using sticks and tear gas, the police repressed the teachers, seriously wounding a former school headmaster, and a teacher union leader. The teachers were protesting the closure of schools and the dismissal of some 8,000 teachers in the last few months.

The two injured individuals were sent to a Vina del Mar hospital where the doctors said they had received multiple injuries.

The riots, in which several hundred people joined the teachers, interrupted traffic and forced the stores in this elegant seaside resort to close. Union leaders reported that some journalists were attacked with clubs while covering the incident.

Three high-ranking teacher union leaders were arrested on 26 February when the police repressed a teacher demonstration in Santiago. The teachers were protesting the dismissal of teachers as a result of the education reform implemented by Pinochet's regime. Under this reform, the administration of state schools and colleges was transferred to the municipalities.

The recent Chilean education reforms affect 100,000 teachers and more than 3 million primary and high school students.

MATTHEI SAYS ARMED FORCES NOT TO AGREE TO TRIAL

PY280149 Paris AFP in Spanish 0012 GMT 26 Feb 87

[Text] Santiago, 25 Feb (AFP) -- General Fernando Matthei, Commander in Chief of the Chilean Air Force [FACH], warned today that the Chilean Armed Forces will not agree to be taken to court because they have internal mechanisms. Matthei, who is a member of the Government Junta, was asked by reporters about the desertion of Army major Armando Fernandez Larios, who 3 weeks ago surrendered to U.S. authorities and admitted his participation in the murder in Washington of exiled socialist leader Orlando Letelier.

It would not be very loyal for me to express an opinion about something that concerns the Chilean Army, Matthei stated, declining to comment on the confession of Fernandez Larios, who said that he was carrying out orders from higher officials when he participated in a plot to kill Letelier on 21 September 1976. Matthei, however, expressed his convictions that the Army commanders will adopt all the necessary measures to clear up the murder of Letelier and his Secretary Ronnie Moffit, who died when a bomb exploded under their automobile. He stressed the internal discipline of the Army that yesterday decided to dismiss from its ranks Colonel Rene Munoz Bruce, who is involved in a trial against 25 military officers who are accused of burning alive two young opposition demonstrators in July 1986, one of whom died.

In remarks made at Government Palace after a meeting with President Augusto Pinochet, the air force commander stated that there are sectors that are promoting a trial against the military. Many have tried to do so, but I think this is useless, he stated. He added that it is our task, the task of the Armed Forces, to clean our own house.

FILTERING OF MILITARY AID TO CONTRAS DENIED

PY010253 Paris AFP in Spanish 0203 GMT 1 Mar 87

[Text] Santiago, 29 Feb [as received] (AFP) -- Chilean Ambassador to the United States Hernan Felipe Errazuriz, who unexpectedly arrived here tonight from Washington, said that the alleged Chilean involvement in supplying arms to the Nicaraguan contras is just speculation. In a report published on 27 February, THE NEW YORK TIMES contended that Chile is the unidentified country mentioned in the Tower Report, through which anti-Sandinist groups were to receive 10 missile launchers and 20 British-made missiles.

Errazuriz said: We reject that speculation about our country. He noted that he came to Chile to discuss many important topics with Foreign Minister Jaime del Valle and with other officials. Among these topics is the case of the murder in Washington of exiled socialist leader Orlando Letelier. In recent weeks, the Letelier case was again in the news when Chilean Major Armando Fernandez Larios turned himself in to the U.S. authorities and confessed his involvement in the crime, which occurred in September 1976.

Errazuriz said: We wish that sordid case would end. He noted that the government of President Augusto Pinochet will hand every available record on this case over to the courts.

JUSTICE MINISTER LINKS DRUG PRODUCTION TO U.S. USE

PA282210 Bogota Cadena Radial Super in Spanish 1730 GMT 28 Feb 87

[Excerpt] Colombian Justice Minister Eduardo Suescun Monroy today asserted that as long as drug use is not combated in the United States, it will be very difficult to control production in Latin America, specificaly in Colombia. The minister made these remarks during the ceremony to deliver and unveil a monument in memory of late Minister Rodrigo Lara Bonilla on 127th Street, which will be called Rodrigo Lara Bonilla Avenue as of today. These were the minister's remarks this morning.

[Begin recording] [Suescun] It is very difficult for us to assess or pass judgment on U.S. authorities. In addition, we do not have the necessary information to make a correct evaluation. I would not directly censure the U.S. authorities. I do say clearly, however, that as long as the problem of drug consumption in the United States is not resolved, it will be very difficult to resolve the problem of drug production in Latin America, specifically in Colombia. The proglem of drug use results in a great demand for it. This is what contributes to drug trafficking.

[Reporter] Mr Minister, what will happen to the people who have been detained and whose extradition has been requested by the United States, considering that the Supreme Court of Justice has virtually let the government decide whether these people will be extradited?

[Suescun] This has not yet been decided. It is being considered. The cases are still being heard by the court. It would, therefore, be premature to make any remarks about this. [end recording] [passage omitted]

M-19 REPORTEDLY PROPOSES TRUCE WITH GOVERNMENT

PA271812 Madrid EFE in Spanish 0247 GMT 27 Feb 87

[Text] Bogota, 26 Feb (EFE) -- It was learned tonight that a document sent to President Virgilio Barco Vargas' administration indicates that the M-19 is willing to sign a new peace pact with the Colombian Government. The document was delivered by Indians from Cauca Department, in the southwestern part of the country, the M-19's main theater of operations.

The CARACOL radio station said tonight that the M-19 and the American Battalion, an international alliance of rebels, signed the document, which proposes that the National Rehabilitation Plan be used as a basis for peace and disarmament.

According to CARACOL, three basic points are proposed in this objective: The first point is reportedly that "the Indian population, as the most organized and most community-oriented sector, be the agent of a true rehabilitation plan, stripped of all demogoguery." The second point is the "total demilitarization of Indian areas by the Armed Forces and the guerrillas. The America Battalion openly states that it is ready to talk with the non-Indian forces presently active in the areas and order them to leave, thus allowing rehabilitation to be carried out in a peaceful climate." Third, according to CARACOL, is "to agree to have demilitarization verified by independent organizations, such as the Red Cross, which can guarantee a true supervision of this agreement."

The document made public by the radio station is the first approach by the M-19 and America Battalion to the Barco Vargas government since June 1985, when they broke a truce that had been signed on 24 August 1984 with the past Belisario Betancur administration.

Government To Study Plan

PA271750 Bogota Emisoras CARACOL Network in Spanish 1215 GMT 27 Feb 87

[Text] Bogota -- The government will study the proposal that has been attributed to the M-19 that seeks to turn the National Rehabilitation Plan into a real instrument of peace and disarmament. Carlos Ossa Escobar, President Barco's adviser for reconciliation, has confirmed that his office has received a communique signed by the central command of the M-19's so-called America Battalion, which operates in Valle del Cauca and Cauca Departments.

In the communique, the subversive group sets conditions to contribute to the Liberal administration's pacification program. The guerrillas recommend that the Indian population be in charge of a real rehabilitation plan free of any demagoguery, thus achieving true progress in the communities.

ADMINISTRATION ASKS FARC TO SET PEACE TIMETABLE

PA282126 Bogota EL SIGLO in Spanish 25 Feb 87 p 1

[Excerpt] Carlos Ossa Escobar, the presidential adviser on peace-seeking affairs, has asked FARC to establish a schedule for the reincorporation of its forces into civil life and to study the possibility of giving up their weapons prior to the 1988 mayoral elections.

Ossa Escobar said that "what is at stake today is the armed struggle for recovery, and for this reason FARC's commitment to the peace process must be clear." Many efforts have been made to have the rebels join civil life. Institutional roads are guaranteed in a democratic state such as ours, Ossa Escobar said. [passage omitted]

BRIEFS

COCAINE SEIZED -- Three people were arrested and 20 kg of cocaine confiscated during a new action against drug traffickers in Bogota early this morning. The cocaine was found inside a car in a luxury house in northern Bogota. [Summary] [Bogota Emisoras CARACOL Network in Spanish 1215 GMT 25 Feb 87 PA]

TRAFFICKERS, EQUIPMENT DETAINED -- It has been reported that as part of the government's struggle against drug trafficking, Army and police members, in various actions, have detained 17 persons and confiscated 4 bundles of marijuana, more than 12 kg of cocaine, vehicles, weapons, ammunition, and high-frequency radio sets. [Summary] [Bogota EL SIGLO in Spanish 17 Feb 87 p 2 PA]

AMBASSADOR TO MALTA, VATICAN NAME -- The government has issued a decree appointing former President Julio Cesar Turbay Ayala as the new nonresident ambassador to Malta. He will also serve as the Colombian envoy to the Holy See. [Summary] [Bogota EL TIEMPO in Spanish 10 Feb 87 p 8a PA]

'MADRID DECLARATION' SEEKS TO UNIFY OPPOSITION

PY280230 Paris AFP in Spanish 1230 GMT 26 Feb 87

[Text] Madrid, 26 Feb (AFP) -- Representatives of the Paraguayan opposition, who held a 3-day meeting in Madrid called "the Meetings for Democracy in Paraguay," have advocated programmatic unity and solidarity against Alfredo Stroessner to achieve a peaceful transition that will lead to the restoration of a state of rights.

In the "Madrid Declaration" that was issued last night, representatives from Paraguayan opposition parties, social, and cultural movements have established their position regarding their country's political future. The text of the "Madrid Declaration" states that this is the first meeting of the majority of Paraguayan opposition forces since the Alfredo Stroessner government took power in 1954.

According to PRF (Febrerista Revolutionary Party) leader Euclides Acevedo, all political parties -- except for those that promote the continuity of the dictatorship -- and social and cultural movements should establish an opposition front against Stroessner with the objective of achieving a pluralist and participative democracy. However, Acevedo admitted that the opposition must invariably confront a power vacuum that will be created by Stroessner's disappearance. Gustavo Laterza, PLRA (Authentic Radical Liberal Party) leader, quickly explained that we were not speaking of a physical disappearance because we are not talking about revolutionary oustings. Laterza added that we want to dismantle the infernal machinery set up by the despot: We do not want him to die; we want him to witness his defeat. The PLRA, the PRF, the MOPOCO (Colorado Popular Movement) and the PDC (Christian Democratic Party) form an opposition bloc proposing a basic [opposition] program which encompasses abstention from the elections that are called every 5 years in Paraguay. Laterza added that, for the time being, the opposition does not think it is a question of struggling for political power or struggling to impose a political model. It is just an understanding among Paraguayan forces opposing Stroessner.

The Paraguayan mass media also played an important part in this forum. Journalist Aldo Zucolillo, director of the Asuncion newspaper ABC-COLOR from its inception (1967) until it closed (22 March 1984), said that a dictatorship cannot endure freedom of the press and that, therefore, they cannot coexist. Zucolillo said that in its 17-year existence, newspaper ABC-COLOR editors were arrested 32 times; he was arrested twice. He added that the pretext given for finally closing the newspaper was that he refused to supply the name of an editor who had interviewed a member of the opposition.

Another objective of the forum was to break the silence on Paraguay, a country headed by a senile dictator, as Stroessner was described by Spanish Vice President Alfonso Guerra, when he opened the forum.

'PLAN Z' TO OPPOSE STROESSNER IN 1988 ELECTIONS

PY271412 Paris AFP in Spanish 1208 GMT 26 Feb 87

[By Hugo Ruiz Olazar]

[Text] Asuncion, 26 Feb (AFP) -- Sources of the National Accord, a coalition opposed to the regime, today revealed that a strong group of Paraguayan businessman are trying to form a solid opposition front to run against General Alfredo Stroessner in the March 1988 presidential elections. The National Accord coalition itself is not in favor of participating in those elections.

Diverse reactions can be found among opposition circles not in favor of participating in elections. The plan is called Plan Z, the initial of the surname of journalist Aldo Zuccolillo, the main proponent of the plan and director of ABC-COLOR newspaper, which was closed by the government.

The plan, in which both the opposition and supporters recognize solid arguments, is not viewed optimistically by political leaders who have suffered exile and persecution for their activities inside the country. The revolutionary plan, one that for the first time responds to the initiative of businessmen, consists of forming a united front in which political parties, social movements, Catholic groups, peasants, and businessmen are represented.

An opposition source had told AFP that the businessmen's group would make available approximately $15 million to the electoral campaign in order to promote a great mobilization and to force a political liberalization in Paraguay.

Zuccolillo, a man who commands prestige and respect among the opposition following his experiment with freedom of the press which ended with the closure of his newspaper on 22 March 1982, proposed the candidacy of Guillermo Caballero Vargas, a powerful businessman, to reconcile the divisions and quarrels among the various opposition groups, thus normalizing the country's democratic position.

Caballero Vargas, 42, is president of Manufacturas Pilar, the largest textile enterprise in Paraguay, and of other prosperous industries in the country. He is a PRF sympathizer -- a legally recognized party which practices electoral abstensionism -- and is the son of a former PRF president. Supporters of his candidacy describe him as a man who stands above personal or political objections.

The political associates of Caballero Vargas, a tall and elegant man who dresses conservatively, think he can attract the sympathy of opposition social groups as a transition candidate. However, political leaders who enthusiastically hailed the initiative said that unfortunately the Plan Z is late in coming, because there is little time left to prepare the electoral infrastructure needed to run against Stroessner. However, the opposition leaders who evaluated the situation for AFP brought up other arguments against the plan. They argued that it would not be humanly possible to run against Stroessner under present conditions in which the chief of state manages an electoral machine which fabricates results to keep him in power.

Cesar Baez Samaniego, PRG leader, has said is no dictatorship in the world has ever made concessions to allow people to participate in clean elections. Only popular mobilization can bring about the reestablishment of democracy. He hinted that, even if Stroessner did accept some of the conditions demanded by the opposition to participate in the upcoming elections (such as lifting of the state of siege, freedom of assembly, freedom of press, unrestricted amnesty, and the return of exiles), he would not permit the free exercise of those rights.

Baez Samaniego expressed his appreciation for the businessmen's interest in democracy after long years of silence, but noted that money cannot buy everything. He observed that the principle of abstensionism, as a way of denouncing a corrupt and fraudulent system that illegally oppresses the country, is at stake by deciding to participate in the elections when it must be fully realized that the opposition will be defeated. He said finally that the National Accord, a coalition of abstensionist opposition parties criticized for its incapacity to draw popular support, should change its tactics, seeking support from social movements and sectors that are willing to work for democracy through a popular mobilization.

SHINING PATH GUERRILLAS ATTACK GOVERNMENT PALACE

Garcia Unhurt

PA011616 Paris AFP in Spanish 1515 GMT 1 Mar 87

[Text] Lima, 1 Mar (AFP) -- Last night, Shining Path guerrillas attacked the Government Palace in Lima by firing two mortar shells that hit the Plaza de Armas. The guerrillas also killed a member of Peru's Civil Guard as they fled, the security corps reported today.

None of the sources said whether President Alan Garcia, a social democrat, was at the palatial residence when the foiled attack took place, but almost 1 hour later the president paid a surprise visit to the National Congress, which is holding special sessions. The chief of state's security was a redoubled after last night's attack. The attack is part of a terrorist wave that has gripped Peru for 2 weeks. On Sunday, an attempt against Garcia -- the second such attempt -- was discovered when police found a 20-pound dynamite charge on the road from the airport to the city of Trujillo, 542 km north of Lima, where Garcia headed a rally of the ruling Aprista [APRA -- American Popular Revolutionary Alliance] Party.

The mortar shells were fired from the terrace of an old building in Rimac District, some 100 meters from the residence, and hit the Lima cathedral destroying a marble bench.

Initially, security units guarding the centric plaza and palace thought the explosion was caused by dynamite. However, when the shooting began, they realized that an attack of another nature was taking place. According to information provided today by authorities, the terrorists -- two armed men and two women -- seized the building from which the shells were fired and took 18 people hostage. One of the women told the hostages: We belong to the Communist Party and if you do not oppose us nothing will happen to you. Two of the terrorists pointed their guns at the group which was celebrating a family party, and the other two placed a mortar on the terrace. Zoila Ponce Ramos, the owner of the seized house, was able to evade the terrorists and escaped, calling for help. She chained and locked the house's outside iron-latticed door.

Three passing policemen arrived at the house when the terrorists were leaving. One of the subversives fired three times at Sergeant Juan Sanchez, killing him, while the others went back into the building and were able to escape by running along the roofs of nearby buildings. Before dying Sergeant Sanchez was able to shoot and wound one of the terrorists, according to reports. Police followed a trail of blood for more than 50 meters, and discovered that the terrorists had evaded the police cordon.

Deputy Interior Minister Agustin Mantilla and police officers inspected the terrace of the building and found two abandoned mortars and two grenades. The police reported that the mortars were composed of two rustic pipes of the type used by amateur fishermen and did not have the precision needed to reach the Government Palace.

Last night's attack is the second attack with explosives against the Government Palace. In 1983, two Shining Path rebels managed to throw 3 sticks of dynamite on the roof of the Government Palace from a neighboring hotel. That attack took place during President Fernando Balaunde Terry's administration.

According to the report on last night's attack, the subversion action occurred after 2030 (0130 GMT, Sunday).

The official ANDINA News Agency reported close to midnight that almost 1 hour after the attack, Alan Garcia visited the National Congress to congratulate congressmen who are debating a antiterrorist law and are currently working on a regionalization bill. According to the official report, the president spoke to the Congress for 1 hour, voicing his encouragement to the congressmen, without referring at all to the terrorist violence.

Police Arrest 220

PA011754 Hamburg DPA in Spanish 1652 GMT 1 Mar 87

[Excerpts] Lima, 1 Mar (DPA) -- The Peruvian police staged a raid in downtown Lima today and arrested 220 people following last night's attack against the Presidential Palace, which killed one policeman. [passage omitted]

Yesterday other guerrillas dynamited headquarters of the ruling APRA Party in Lima, causing considerable damage to the installations.

GOVERNMENT PROPOSES PAYMENT OF DEBT 'IN KIND'

PY272151 Madrid EFE in Spanish 2345 GMT 26 Feb 87

[Text] Lima, 26 Feb (EFE) -- The Peruvian Government today announced that it is trying to turn its foreign debt into an instrument of economic growth, negotiating with its creditors agreements that will permit payment in kind, thus developing exports.

This proposal was presented by Prime Minister and Minister of Economy Luis Alva Castro at a meeting attended by approximately 200 private businessmen.

Alva Castro announced the imminent creation of a National Foreign Debt Council [Consejo Nacional de la Dueda Externa] that will have offices in Washington and Paris, and will negotiate directly with U.S. banks and creditors grouped within the Paris Club.

Alva Castro told the businessmen that "today the debt is an instrument we should use to stimulate our economic growth, thereby using the situation to our advantage."

As an example of this new plan, the economy minister explained the agreement signed with Hungary, according to which, for each dollar Peru pays in nontraditional products, that is, processed goods, Hungary must purchase two additional dollars worth of the same products.

He added: "This means that a fiscal effort in national currency, equivalent to a dollar yields $2 in foreign currency."

He said that negotiations with other creditors on the same issue are in a very advanced stage, "because we have convinced them that we can no longer pay the debt as it had been paid in the past."

The prime minister added that the government will soon authorize the return to the country of capital from abroad, with no tax obligations and without reference to the origin.

He said that this decision could be approved at the next meeting of ministers with the objective of "facilitating the repatriation of currency and the capitalization of national enterprises, especially for the purchase of capital goods and components."

Alva Castro stated that the government will maintain the restrictions on the transfer of resources abroad, and will continue essentially with the same economic policy, "because it has yielded positive results."

Two days ago, President Alan Garcia told a group of foreign correspondents that the Peruvian foreign debt amounts to more than $15 billion, approximately 60 percent of which belongs to private banks.

However, in 1986, Peru achieved a growth rate of 9 percent based, above all, on two factors: the increase in salaries and the increase in consumption. Both these factors have greatly contributed to reactivating the industrial sector and to limiting the payment of the debt to 10 percent of its income earned from exports.

CONGRESS APPROVES TERRORISM LAW; IU SNUBS SESSION

PY281552 Lima Panamericana Television Network in Spanish 0100 GMT 27 Feb 87

[Excerpt] During a session the United Left [IU] bloc did not attend, the Senate approved a draft law that classifies and imposes severe punishments for terrorist crimes. This draft law, which repeals Decree 046, creates a new section in Book II of the Penal Code. The new section is entitled: On Terrorist Crimes.

The new law imposes drastic punishments, ranging from 16 or more years imprisonment to life imprisonment [internamiento], depending on the seriousness of the crime.

As a new feature, the law sets forth that those terrorists who repent of their actions or cooperate with authorities may be pardoned.

The debate on and approval of this draft law took a little longer than 2 hours because of the IU absence.

In a statement released to the press, the IU rejected a lawmaker's charge that the IU is supporting terrorism. The opposition organization reiterated that it cannot endorse a law that considers just one type of terrorist action, because some state agencies also are involved in terrorism. The IU stressed that Congress should also have debated the draft law dealing with the crimes commmitted by the members of the Armed Forces and the police. [passage omitted]

BRIEFS

CUBAN SHEEP ARRIVE -- A shipment of 300 Cuban sheep has arrived in Puerto Maldonado, Madre de Dios Department, where the animals will be used in a livestock development program. This is the fourth shipment that Peru has received from Cuba. [Summary] [Lima Television Peruana in Spanish 0100 GMT 28 Feb 87 PY]

ELECTRICAL SERVICE NORMAL DESPITE STRIKE

PA280425 Mexico City Red Nacional 13 Imevision Television in Spanish 1955 GMT 27 Feb 87

[Excerpt] On Friday at 1000, Mexican President Miguel de la Madrid instructed the Energy, Mines, and Parastate Industry Secretariat to take over the installations and work centers of the Center Light and Power Company. [Compania de Luz y Fuerza del Centro], which is presently on sale. The action seeks to prevent problems in electrical service in the Federal District and the states of Puebla, Hidalgo, Morelos, and Mexico.

At noon, the 31,000 workers of the Mexican Trade Union of Electricians [SME] went on strike. They placed red and black flags in the installations, because their demand for a 23 percent wage increase was rejected. The SME placed permanent guards at all the work centers and installations of the electrical company. Earlier, when the strike seemed imminent, the president ordered the government occupation of the parastate company for as long as the danger of an interruption of electrical service remains. The presidential agreement respected the right of the parties to hold talks in order to end the conflict. Moreover, it added that the government had intervened in order to keep interruptions in electrical service to consumers at a minimum.

On orders from the president, Jose Luis Alcudia, deputy secretary of energy, mines, and parastate industry, was put in charge of the light and power company for the duration of the government action. That secretariat had told the SME and the electrical company that it would proceed with the immediate and temporary occupation of the aforementioned installations. Also, the secretariat asked for the understanding and support of the people for damages that could possibly happen and said that it will try to provide efficient electrical service.

More than 2 hours after the electricians went on strike, the main public services of this capital and the already mentioned states have not been interrupted. Hospitals, trolley cars, subways, government offices, telephone service, radio and television stations, and other major services are operating normally. This is also the case in the states of Morelos, Hidalgo, Puebla, and Mexico. [passage omitted]

SENATE LEADER PRAISES RELATIONS WITH THE PRC

PA272236 Mexico City EXCELSIOR in Spanish 24 Feb 87 pp 4-a, 28-a

[Article by Rogelio Hernandez L.L.]

[Text] At a meeting with an official CPC delegation, Antonio Riva Palacio, president of Mexico's Permanent Commission of the Union [Comision Permanent de la Union], stated that until political opposition parties gain sufficient strength, they will not be able to enter the Senate of the Republic, because "the only way that parties can enter is through the system of simple majority."

During the meeting held in the Senate chamber, Wen Jiabao and Riva Palacio, who is also the leader of the Senate, agreed that relations between the PRC and Mexico "are going to take an interesting course."

Riva Palacio explained to the delegation headed by Wen Jiabao that the Senate is the representation of the federal pact and the integration of the states into the United Republic.

He added that the Senate is presently formed by one party, the PRI, which invited the CPC delegation. "As you know," he said, "the PRI is the most important political organization in our country."

The Senate leader made reference to the long-standing friendship between the governments of both nations. As an example of this relationship, he pointed to the interparliamentary ties between the PRC's National People's Congress and the Mexican Congress, as well as President Miguel de la Madrid's recent visit to the PRC.

Riva Palacio said: After several conversations, we agreed on the possibility of a permanent dialogue between the PRC and the Mexican Republic as an expression of the North-South [as published] dialogue.

The Mexican legislator said: "Both peoples love peace. Both countries believe in dialogue and negotiation as the formula to resolve conflicts among nations."

Riva Palacio also said that China has a brother country in Mexico and that the Mexican Government and its people are admirers of that nation and its political party.

Wen Jiabao shared the opinion of the Mexican politician about cultivating the traditional friendship between their two peoples.

He added that with the establishment of diplomatic relations between the two countries, the traditional ties between the two peoples "have arrived at a high level of development and exchanges between the two have multiplied."

BRIEFS

LOAN AGREEMENT WITH JAPAN -- Mexico and Japan have formalized the first half of a $1 billion loan agreement signed with the Export and Import Bank, Eximbank, in November last year. The Finance and Public Credit Secretariat has reported that the $500 million will be used for the construction of the Pacific oil project, a new oil pipeline 48 inches in diameter and 265 km long through the Tehuantepec Isthmus. The first $250 million of the Japanese loan will be received at the end of March. The rest will be received during the next 18 months. [Summary] [Mexico City XEW Television Network in Spanish 1300 GMT 27 Feb 87 PA]

RECORD NONOIL SALES -- [By Renato Davalos] -- The Programming and Budget Secretariat, the National Institute of Statistics, Geography, and Data Processing, the Bank of Mexico, and the General Customs Directorate of the Secretariat of Finance and Public Credit have reported that, for the first time in more than 5 years, exports of nonoil products were more than those of crude oil. Nonoil sales in 1986 reached $9.5 billion and oil exports during the same period were $6.259 billion. Total sales last year amounted to $15.759 billion. Also for the first time, nonoil sales reached more than $1 billion in December 1986. The figure is higher than that of December 1985 by 37.4 percent. [Summary] [Mexico City EL NACIONAL in Spanish 17 Feb 87 p 1 PA]

REAGAN 'SENILITY' SURFACES AFTER IRAN AFFAIR

PA272016 Panama City MATUTINO in Spanish 27 Feb 87 p 6

["Let the People Judge" column by Ricardo Lince: "Mr Reagan"]

[Text] Ronald Reagan, from the eye of the "Irangate" hurricane, says he cannot recall whether he knew about the details of the negotiations his immediate advisers held with the Iranian terrorists or not. He says that no one could be expected to remember what occurred on a particular day years ago. That is a foolish reply to a serious problem that greatly worries U.S. and world opinion.

Reagan frequently makes ridiculous public statements because his mind does not follow logical principles. It feeds mostly on fantasy and uses the synecdoche method, of using part of a phenomenon to explain the whole. This is what he did this week in the form of an anecdote. However, Reagan's anecdotes are untrue, as he presents the facts in false images and then acts on the basis of those false facts. Everything he says continues to be illusory and banal, except for the pain that these false metaphors cause the U.S. people.

In Brazil he toasted the prosperity of Bolivia, and, addressing Senator Kennedy of Massachusetts, he called him Senator Massachusetts. He confuses Lebanon with Libya; he gets his statistics all mixed-up, and he dozes off during White House staff meetings. The U.S. reporters have taken his measure, and when pressed to answer tricky questions, he gives simplistic replies, seeing the world through the prism of SELECCIONES [READER'S DIGEST in Spanish, as he is unable to assimilate certain big problems." [quotation marks as published]

Doubtless, the typical symptoms of senility are surfacing with the onset of decrepitude: incomplete phrases, memory lapses regarding important events, and a return to the days of cowboys and Indians. The 4 years that Reagan has left before he reaches 80 have started to weigh on him like a heavy sheet of lead.

U.S. SHOULD HELP FINANCE CANAL WIDENING

PA282102 Panama City LA PRENSA in Spanish 28 Feb 87 p 18-a

["Published in THE BULLETIN, EL BOLETIN"]

[Text] The English printed daily THE STAR AND HERALD published in its Sunday, 8 February, issue an interesting news item written by Ursula Michael-Howell on the project to widen the Culebra Cut [Gaillard Cut] suggesting ways for the Panama Government to seek support for carrying out such a vital job.

On different occasions Panamanian officials have pointed out -- quite correctly -- that the widening of the cut is a permanent responsibility of the U.S. Government by virtue of the Torrijos-Carter Treaties.

In other words, the United States has to seek by all possible means to carry out such a task before 31 December 1999 and hand the Canal over in optimum operating condition, free from liens or debts.

According to the information published in THE STAR AND HERALD, even though Canal traffic will be at practically the same level until the end of the century (some 32 ships per day), the increase in the cargo will be absorbed by ships bigger than those that now pass through the Culebra Cut one at a time and only in daylight.

The number of ships with a beam of 90 feet or more which are subject to that restriction in the cut, is presently more than 20 percent and is expected to double, according to the projections cited by THE STAR AND HERALD.

This means that unless the widening takes place, the bottleneck problem of the Culebra Cut will become worse due to the growing number of big ships, like the Panamax-type of vessel with more than a 100-foot beam.

From this we surmise that unless the widening is done as soon as possible, the Panama Canal could in the future face an increase in the time spent in Canal waters, which would raise transit costs and reduce the Panamanian waterway's competiveness with other alternatives.

Going ahead with the widening would cut down on the time spent in Canal waters and would thus save costs for the clients, increasing the waterway's capacity and competiveness.

Panama has had difficulties with the United States to get that country to assume its clear responsibility of financing the widening, because that country does not want to invest in a project which will be turned over to Panamanians, even though the U.S. merchant fleet would benefit.

The problem lies in who is to pay for the work, which will cost more than 400 million balboas [$400 million] at 1986 prices. The United States said that the treaties would not cost the U.S. consumer a penny; therefore, it is difficult for the work to de done with U.S. Treasury funds. What could be done is the following: those who benefit pay -- the shipowners and shippers -- through gradual cost increases over a reasonable period of time. That idea should be sold to the U.S. Government.

COSTA RICA

ACTING FOREIGN MINISTER ON TOWER REPORT FINDINGS

PA270435 San Jose Radio Reloj in Spanish 0100 GMT 27 Feb 87

[Text] Carlos Rivera Bianchini, Costa Rican acting foreign minister, has rejected information included in the Tower Commission report stating that the United States pressured Costa Rica to allow the Nicaraguan contras to use an airstrip in Costa Rica. According to the report that was handed to President Ronald Reagan in Washington today, former National Security Council staff member Oliver North had threatened to suspend economic aid to the Costa Rican Government worth some 120 million colones if Costa Rica did not allow the Potrero Grande Airport in Guanacaste Province to be used to supply the contras.

Rivera said that he rejects such reports because they are totally false. Rivera said that Costa Rica has never been pressured by the United States in this or in any other area. I am referring to the Arias Sanchez administration, and I am sure that during the Monge administration there was no pressure, either, Rivera said.

Rivera reiterated that there have been no conditions placed on Costa Rican foreign policy. [words indistinct] Rivera said that on many occasions Costa Rica has adopted stances in foreign policy matters that have differed from the U.S. position. Rivera said that because of these reasons, because of the foreign debt renegotiations, and because of the negotiations on U.S. aid to Costa Rica, he cannot explain the information released in the Tower Commission report. Finally he said that there have never been conditions placed on receiving U.S. aid.

GOVERNMENT RENEGOTIATES DEBT WITH MEXICO

PA271537 San Jose Radio Reloj in Spanish 1200 GMT 27 Feb 87

[Text] Finance Minister Fernando Naranjo has met with Mexican Finance and Public Credit Secretary Gustavo Petricioli to discuss the renegotiation of Costa Rica's $120-million debt with Mexico. An agreement was reached at the meeting held yesterday to renegotiate the entire debt, with three exclusions: First, the RECOPE [Costa Rican Oil Refinery] debt to Pemex; second, a small trade debt that Costa Rica has owed Mexico for some time; and third, the resources from the San Jose agreement that were deposited in the Central Bank, which were excluded from renegotiation because they will allow the financing of some important projects in the country.

Minister Fernando Naranjo revealed that of the total $120-million debt with Mexico, $109 million is being renegotiated. A 2-year grace period has been granted, which can be extended 2 more years; and 12 years has been granted to pay the debt.

GUATEMALA

GOVERNMENT SAYS NO DIPLOMATIC RELATIONS WITH USSR

PA281312 Panama City ACAN in Spanish 0330 GMT 28 Feb 87

[Text] Guatemala City, 27 Feb (ACAN EFE) -- The Guatemalan Foreign Ministry stated today that Guatemala will not reestablish diplomatic relations with the Soviet Union. Those relations have been broken since 1954.

Deputy Foreign Minister Jose Luis Chea has said that the visit to Guatemala by the Soviet ambassador to Costa Rica, Yuriy Pavlov, "does not at all mean that diplomatic relations with the Soviet Union will be renewed."

Pavlov has been in this Central American country on a "private tourist visit" since Tuesday. On Wednesday he met with deputy Foreign Minister Chea to tell him "about the important changes that Mikhail Gorbachev is making in the framework of the democratization process."

The Soviet diplomat recently said that "there is no hurry" in renewing diplomatic relations with Guatemala but, he noted, "if the government of that nation is interested, we are ready to make progress in that direction."

In 1945 Guatemala and the Soviet Union established diplomatic relations but no ambassadors were appointed to either nation because those relations were suspended 9 years later when the progressive government of Jacobo Arbenz Guzman was overthrown. [sentence as received]

The director of the legal office of the Foreign Relations Ministry, Eduardo Enrique Arrue, has explained that "commercial relations with the Soviet Union are still in effect," to the extent that goods from the Soviet Union can be brought into Guatemala without the need for documents stating the nature or the amount of the products.

USSR Official on Relations

PA281612 Guatemala City Radio Television Guatemala in Spanish 0400 GMT 27 Feb 87

[Interview with Yuriy Pavlov, Soviet ambassador to Costa Rica, by unidentified reporter, in Guatemala City, no date given -- recorded]

[Excerpts] [Passage omitted] [Reporter] We have invited Ambassador Pavlov tonight for a discussion and it is appropriate to mention that his presence here is noteworthy because we have invited various U.S. ambassadors to Guatemala throughout the years to participate in similar dialogues. However, we never achieved our goal even though they represent one of the greatest democracies in the world. We asked them to address the people through this station even though everyone is aware of the traditional lack of respect that the U.S. diplomats have had for the local media.

Although this is a sad truth about the U.S. diplomatic bureaucracy, tonight we invited the Soviet ambassador to talk about an even sadder policy; the policy of the Soviet Union, which represents the worst totalitarian danger in the world. Ambassador, thank you very much for accepting our invitation tonight. When may the Guatemalans expect the installation of a Soviet embassy in our country?

[Pavlov] First of all, thank you for your invitation and for the opportunity to state some perspectives on issues of importance for our two nations. Referring to your question, it would be difficult for me to answer it because I already stated the general situation. Our policy is to maintain normal diplomatic relations with all countries in the world that wish to have relations. We believe it is normal for the countries in the world to maintain contacts and exchange opinions about international and bilateral matters.

Referring to our relations with Guatemala, we have had diplomatic relations since 1945. The relations were broken but that is not a problem and it should not prevent the renewal of those relations. In any case, it would imply opening an embassy, but this depends on an agreement with the government -- and we have not talked with the Guatemalan Government about this yet.

[Reporter] Mr Ambassador, you must know that no top-level Soviet official has come to our country for many years; consequently, this is a novelty for Guatemalans. According to your experience -- you have told us that you have been a diplomat in Costa Rica for 4 years -- how many mission members would be allowed at a Soviet Embassy in Guatemala?

[Pavlov] I prefer not to talk about our embassy in Guatemala because this is a hypothetical case. However, I can give you an example: There are eight officials at the Soviet Embassy in San Jose, including the commercial attache. [passage omitted]

[Reporter] Mr Ambassador, how would Guatemala benefit if we ever reestablish relations with the Soviet Union?

[Pavlov] I do not know; this depends on the perspective of each country. We believe this would benefit everyone; we must know more about each other and understand each other's policy even better. A greater knowledge and understanding would contribute [changes thought] facilitate an exchange and cooperation in the political sector; it would also facilitate trade. For example, we currently have some trade but it is being handled by middlemen. In other words, Guatemala and the Soviet Union pay commissions to some middlemen instead of having direct contacts. However, that is not our fault; we are willing to establish direct contacts.

These contacts would also be applicable in the political sector, because there are too many problems in the world and this is extremely important. It even involves the survival of mankind because if we do not survive, if we allow an atomic or nuclear war to occur, all the disagreements between the left and right, and communists and socialists, are irrelevant. Everything else is irrelevant because in this scenario we will not survive. All those things would be irrelevant. [passage omitted]

Pavlov on Regional Issues

PA281609 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 26 Feb 87

[Excerpts] Yuriy Pavlov, Soviet ambassador to Costa Rica, arrived in Guatemala today on what the Guatemalan Foreign Ministry described as a tourist visit. The Soviet diplomat gave further details about the reason for his presence here when he was interviewed this morning at the National Palace.

[Begin recording] [Passage omitted] [Reporter] Did you hold any talks today with the deputy foreign minister regarding Soviet-Guatemalan diplomatic relations?

[Pavlov] We held an exchange of general opinions on international problems and the area situation. We concurred on many points. We fully share the Guatemalan Government's opinion that the only alternative to war at this time is a peaceful dialogue for peaceful solutions to all conflicts.

[Reporter] President Cerezo announced last year that efforts were being made to establish diplomatic relations with socialist countries. How are the negotiations going for the establishment of embassies in both Guatemala and Moscow?

[Pavlov] Well, the fact is that we have had diplomatic relations with Guatemala since 1945 so there is no problem about establishing diplomatic ties. We are ready to talk about the exchange of ambassadors, because we think that it is important in this small world that all countries learn viewpoints, exchange opinions, and cooperate in the search for peace. When there is willingness on the part of the Guatemalan Government, we are ready to move in that direction, but we are not in a hurry.

[Reporter] Have approvals been requested for your ambassador?

[Pavlov] No, we did not talk about that. As I said we held exchange of general opinions on international affairs and Soviet domestic policy. [passage omitted]

[Reporter] [Words indistinct] the current Central American crisis?

[Pavlov] We are not part of the area but we are in favor of a peaceful solution to all regional conflicts, including the one in Central America. We fully support the Contadora efforts as a very feasible and practical alternative to war in this area. We are ready to cooperate with the area countries in the search for peace. We are even ready to cooperate with the United States in the search for a peaceful solution. However, we are against the discussion of the problems behind the backs of the area governments.

[Reporter] [Words indistinct] could your government in some waystop its aid to Nicaragua?

[Pavlov] The problem, (?we said), is the aid of any country to Nicaragua. The biggest part of this problem is the direct intervention of a powerful country, one of the most powerful in the world, in the affairs of the area. It is a military as well as a political intervention with the presence of foreign troops in this area. We are against the presence of foreign troops; we are against foreign interference in this area. If there were no military interference in the area, and if there were no real threat of a foreign invasion in this area, Nicaragua would not need to arm itself because they need all their resources for economic development. If they (?need) weapons it is for two reasons: to fight the contras who are armed and directed by the United States, by the CIA, and to increase the cost that the United States would have to pay for a direct invasion.

[Reporter] Mr Ambassador, nevertheless, it has been said that Central American problems are due to a struggle between your government and the United States. Central America is a territory in which there is dispute over who will have hegemony. You also have military advisers, military equipment...

[Pavlov, interrupting] We do not in any way share that view because we do not carry out any operations in this area. We do not have any particular interest except for developing normal relations with all the countries of the world, including all the countries of this area.

[Reporter] [Words indistinct] that your country is an imperialist power. It is seeking to have representatives in all countries of the world. Then what is said really does not answer the question.

[Pavlov] We are not imperialists. We are only people who want to live in peace with the entire world. We have no military bases in this part of the world.

[Passage indistinct] Afghanistan is a very special case because it is a country that borders with our country. The Afghan Government requested our help. We are ready to withdraw our troops from Afghanistan at any time. Moreover, the Afghan leadership has announced a new policy of national reconciliation. They are ready to reconstruct their government; they are inviting the opposition to take part in that government. It all depends on the opposition now; if all they want is power, that is something else. If they want progress [10-second break in transmission] is being the object of military aggression by the most powerful country in the world? So that this country can be abused without any obstacle, or what? What do you suggest?

[Reporter] What is the aid which the Soviets give to Nicaragua?

[Pavlov] I am not a military man. It is very ample support. It is mostly economic, because Nicaragua's main problem is its economic situation. The country has suffered because of the earthquake, the civil war, and now the economic blockade and another war [words indistinct] it is incredible. We give what we can, in the economic sector.

[Reporter] As far as political ideology is concerned, where would you say Nicaragua is located?

[Pavlov] It is difficult to say because until now they have not determined their way of development. They have a constitution, which could be for a country, let us say, with a bourgeois democracy. There is not one word about socialism there. They do have a communist party, but this communist party is in opposition to the Sandinist government. The Sandinist Front is not a communist party. I would say at this time it is very difficult to determine the ideological political color [chuckles] of this country. They have neither the time nor the opportunity to think about these things now. To them the important thing is the survival of the Sandinist Revolution, which was the revolution of all the people against the Somozist dictatorship.

[Reporter] The problem for the Central American countries in achieving peace in the region is posed by the Soviet Union's subsidy and militry aid to Nicaragua. Would you be willing to withdraw your advisers from Nicaragua?

[Pavlov] You know about the Contadora peace proposal. One of the articles of this proposal states that upon the signing of the acts and their ratification, that all foreign countries having troops or military advisers in the area should withdraw them. Nicaragua is willing to sign this act and we support, as I said, the Contadora proposal and we are ready to sign a protocol and give our support in any way.

[Reporter] How much money is Russia investing monthly or annually in Nicaragua?

[Pavlov] I do not know because I am not ambassador to Nicaragua, but I believe it is a lot. It is not enough for Nicaragua's needs, because our resources are limited, we have our own development problems. We give what we can.

[Reporter] [Words indistinct] with MIG aircraft and (?very powerful tanks) to Nicaragua. How many MIG airplanes have (?the Soviets) given?

[Pavlov] Helicopters, yes. But helicopters are not offensive weapons, they are defensive weapons. They requested [words indistinct] but, I repeat, they are not for aggression because if you go to Nicaragua and you see what is taking place there, the last thing they want to do is stage an aggression or something that will diminish their very limited resources.

[Reporter] If any other Central American country should ask the Soviet Union for military aid, would you be willing to grant it?

[Pavlov] [Chuckles] That would depend. We are not arms exporters. You are confusing our country with some other country. We are not arms exporters and we are not exporters of capital. What we do export -- for example, I can speak about our relations with Cost Rica -- are scholarships to our universities, we send cultural groups, we buy coffee, we try to sell our machinery. With other countries of the area, Colombia, for example, we have more ample economic relations because Colombia is a somewhat more independent country as regards its economy and politics. Also with Brazil and Argentine, we have very extensive economic relations, and trade with them is rather lively. [end recording]

Paper Questions USSR's Motives

PA280043 Guatemala City EL GRAFICO in Spanish 26 Feb 87 p 9

[Editorial: "East-West Confrontation in Central America"]

[Text] The "unofficial visit" of Yuriy Pavlov, Soviet ambassador to Costa Rica, and the way he handled the journalists' questions, prove the Soviet Union's interest in Central America -- where it wants to increase its presence through a diplomatic offensive. This is the only reason for his visit to Guatemala, where he clearly stated the Soviet wish to renew diplomatic relations with our country. The Soviet ambassador offered a tempting bait for those relations by adopting a position concerning the Central American conflict that resembles Guatemala's position. He asserted that his country unconditionally supports the process seeking peaceful solutions to the Central American conflict, through the Contadora Group, as an alternative to the problem. If, in addition to these statements, we did not know that the Soviet Union is offering Nicaragua considerable aid in weapons and war material, we would risk falling into the trap of believing the Soviet Union's "pacifism."

The Soviet ambassador said that he does not share "the viewpoints published by certain sectors, which state that the Central American conflict is the result of an hegemonic struggle between two world powers, namely his country and the United States." Nevertheless, any attempt to deny this is like trying to cover the sun with your finger; the two countries have been playing a world chess game for years, trying to take key pieces from each other and bring, by all possible means, the threat of war to the opponent's border. Having such an important beachhead in continental America -- meaning Nicaragua -- is important for the Soviet Union because it would be able to strengthen the Soviet base they already have in Cuba. The Soviet Union has been trying to destabilize Latin American governments -- democratic or not -- for the last 3 decades, using all the ncessary logistic and weapons support.

The Soviet ambassador said: "The Soviet Union is not an imperialist power." He was trying to don sheep's clothing when everyone knows that Poland, Czechoslovakia, and Hungary witnessed the Soviet tanks crush their budding movements for nationalist independence. The same thing can be said about Afghanistan, where no one has hesitated to use chemical and germ warfare to defeat the freedom fighters who reject the Soviet presence in their homeland. "We have no interest in the area; our country wants to live in peace like all the other countries in the world. Consequently, we have no military bases in other countries, and we do not openly support (perhaps they do it covertly?) irregular armies that struggle to oust legally elected governments." Well, the Soviets have always been masters of cynicism so if they say they have no interests in the area this is simply a euphemism. Everyone knows the strategic role Central America would play in case of a world war, both for the Panama Canal and the main oil supply lines for the United States. None of the world powers needs conventional bases because they have atomic missiles on nuclear submarines, and these can bring destruction and death to any point of the earth from the seas. The Soviet Union is undoubtedly trying to avail itself of Guatemala's neutrality and, since President Cerezo is not on very good terms with U.S. imperialism, the Soviets seek to strengthen their support to Nicaragua by tipping the scales in that direction. Let us wait and see if our government plays their game.

HONDURAS

GOVERNMENT RESPONDS TO NICARAGUAN CHARGES AT ICJ

PA270149 Tegucigalpa LA TRIBUNA in Spanish 24 Feb 87 p 10

[Text] Honduras yesterday presented to the International Court of Justice [ICJ] at The Hague a statement on the current proceedings stemming from the Nicaraguan suit charging Honduras with allowing its territory to be used for contra operations.

The document deals exclusively with the matters of jurisdiction and admissibility since Honduras has questioned The Hague Court's competence in this case.

The Honduran objection is based on the declaration made by the executive branch on 22 May 1986, previous to the National Congress decree, which modifies the terms under which Honduras accepts the ICJ jurisdiction.

According to the ruling issued by the court on 22 October 1986, Nicaragua now has the obligation to present the response (to the Honduran statement presented yesterday) not later than 22 June 1987.

Subsequent proceedings, including the date when the trial hearings will begin, have not been set by the tribunal.

This statement, provided by the foreign ministry in a communique, clarifies the confusing situation existing since last year regarding the actions that would be taken by Honduras in response to the Nicaraguan charges at The Hague court in July 1986.

At that time, President Azcona said that Honduras was not going to respond to the charges because the ICJ has no jurisdiction in such matters.

Shortly thereafter, Foreign Minister Carlos Lopez Contreras staced that the Government would proceed in the interest of Honduras. Later on, he affirmed that the Government would take the appropriate steps with regard to the suit, although he believed that the court would disqualify itself in this case.

NICARAGUA

ORTEGA SAYS TOWER REPORT CONFIRMS ASSERTIONS

PA010359 Paris AFP in Spanish 2220 GMT 28 Feb 87

[Text] Managua, 28 Feb (AFP) -- Nicaraguan President Daniel Ortega, who again appealed to U.S. President Ronald Reagan for dialogue, today said that the publication of the Tower report gives Reagan an excellent opportunity to change his policy of aggression against Nicaragua.

During a news conference, Ortega pointed out that the Tower Commission report -- which investigated the secret shipment of arms to Iran and the diversion of funds to the Nicaraguan contras -- has confirmed Nicaragua's reports made over a number of years.

He added, however: We do not bank on the report, by itself, forcing a change in the Reagan administration's policy. So far, we have not observed any changes in his speeches. A military solution continues to be advocated.

He recalled that some days ago high U.S. Government officials mentioned the possibility of setting up a naval blockade against Nicaragua. According to Ortega, this could lead to a direct U.S. action with troops.

Ortega noted: We have learned of plans for crippling actions against economic and military objectives, including the blowing up of the refinery in the heart of Managua, to weaken the EPS' military deployment ability and wear out our economy.

In addition, he said that the report disclosed that Arturo Cruz, leader of the Nicaraguan Opposition Unity, UNO, had been getting $7,000 a month from the CIA, thus confirming what he had been saying since the 1984 elections and that nobody had believed.

At the time, the Sandinists had pointed out that Cruz was being paid by the CIA and that the purpose of his running as Nicaraguan Democratic Coordinating Board, CDN, candidate was to sabotage the national elections.

In the end, Cruz and the CDN refrained from participating in the elections, arguing that there was a lack of conditions for pure elections. The Sandinists, however, said that the CDN abstained because they were afraid of realizing they lacked popular support.

Ortega also said that his government will use the Tower Commission report to reinforce Nicaragua's demand at the The Hague International Court of Justice against the Costa Rican and Honduran Governments for letting the contras use their territories.

According to the commission, Costa Rican President Oscar Arias was pressured into letting the contras continue to use a landing strip built by the Monge administration in northern Costa Rica.

Although Arias has asserted that this landing strip has not been used since he assumed office in May 1986, Ortega noted that the demand at the The Hague Court is not against people. He added that no president can excuse himself by saying that such and such facts took place during a previous administration.

Further on Tower Report

PA272012 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 27 Feb 87

[Text] The Tower Commission, appointed in December to investigate the scandal of arms sales to Iran and the diversion of funds to the counterrevolutionaries, delivered its conclusions today. The report, written by former Republican Senator John Tower, Edmund Muskie, and Ray Stapleton [as heard] is 600 pages long.

In its report, the commission, appointed by President Reagan himself, absolved him of all responsibility and blamed the presidential aides for advising him incorrectly. The President was poorly advised. He should have followed the operation closely and determined how things were going, but he was not able to ascertain what was going on, the report affirms. According to the commission, its goals was not to assign blame, but rather to identify the failings of the National Security Council. However, it has been determined that the President has no control over what goes on in his cabinet. The commission also criticized Secretary of State Shultz and Secretary of Defense Caspar Weinberger because they disassociated themselves from the situation.

As far as the commission is concerned, Donald Regan, White House chief of staff, is the person responsible for the chaos in the White House.

Concerning the diversion of funds to the counterrevolutionaries, it stated that many things still remain a mystery. Lieutenant Colonel Oliver North and former National Security Adviser John Poindexter are singled out as being responsible for an operation that was carried out outside the legal bounds.

According to the commission, John Poindexter knew that millions of dollars were being diverted to the counterrevolutionaries. The report justifies this, however, by stating that Poindexter was unaware of the political risks inherent in the matter. As for Lt Col Oliver North, it accuses him of concealing some of the information.

Shortly after the report was released, the first reactions were forthcoming:

[Begin unidentified speaker recording] What has happened with President Reagan's administration is that the public's trust in him has been diminished because many questions will remain unanswered. [end recording]

The investigations are still going on and in Washington, the Senate Special Committee will grant limited immunity to three people so they may testify. Among them is Fawn Hall, Lt Colonel Oliver North's private secretary, who made statements this week concerning the destruction of incriminating documents.

ORTEGA VIEWS POSSIBLE U.S. 'NAVAL BLOCKADE'

PA271344 Managua International Service in Spanish 2225 GMT 26 Feb 87

[Text] A naval blockade would be the prelude to an invasion, Nicaraguan President and Commander of the Revolution Daniel Ortega said today in Masaya, 30 km from Managua.

President Ortega spoke at a ceremony to commemorate the 9th anniversary of the heroic insurrection of the Monimbo Indian neighborhood.

Commander Ortega referred to the Reagan administration's plans to implement a naval blockade against our country.

[Begin Ortega recording] The United States is considering a plan to implement a naval blockade against Nicaragua. The U.S. Government does not tire of conspiring against the Nicaraguan people. The U.S. Government does not tire of attacking and making the Nicaraguan people suffer; instead, it insists on attacking and making the Nicaraguan people suffer. It believes that by constant attacks, a sustained war against Nicaragua, and financing the mercenaries, it is going to overcome and defeat the Nicaraguan people. We have mentioned the danger of U.S. troops invading Nicaragua, and now there are talks about a naval blockade; a naval blockade that logically would be the prelude to an invasion.

A naval blockade would mean that the United States would be taking off the mask of hypocrisy once and for all, and telling the world: We do not agree with a peaceful solution; we do not agree with the Contadora and Support Groups' peace efforts; we do not agree with the EEC's peace efforts; we do not agree with the peace efforts of all the countries in the world that favor a peaceful solution in Nicaragua.

A naval blockade against Nicaragua would mean stepping up the attacks against our people, who are already besieged by the U.S. Government; people who are economically and militarily besieged, but who are resisting the siege with the same strength, heroism, determination and courage with which heroic Monimbo and Masaya resisted on 26 February 1978! [end recording]

YELTSIN-LED USSR DELEGATION TO ARRIVE 2 MAR

PA280334 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 27 Feb 87

[Text] A high-level delegation of the USSR Supreme Soviet headed by Comrade Boris Yeltsin, member of the USSR Supreme Soviet Presidium, will arrive on 2 March in Nicaragua on an invitation from Commander of the Revolution Carlos Nunez Tellez, president of the National Assembly.

The delegation will meet with leaders of the revolutionary government during its stay in our country.

ORTEGA SAYS 6,000 CONTRAS INFILTRATED, REPELLED

PA282338 Panama City ACAN in Spanish 2156 GMT 28 Feb 87

[Text] Managua, 28 Feb (ACAN-EFE) -- Nicaragua today reported that about 6,000 anti-Sandinists have raided the country from Honduras, but that the Sandinist Army has repelled them.

President Daniel Ortega, who made the report, did not specify when the infiltration occurred or the precise location of the rebel troops' entry.

"The raiding mercenaries have been hit and have begun to flee to Honduras," Ortega said at the office of Foreign Minister Miguel D'Escoto, where Ortega met with Adolfo Perez Esquivel, 1980 Nobel Peace Prize winner.

The president, wearing fatigues and a blue sports shirt, held a short press conference during which he gave a military report about the country's north. This balance is negative for the contras.

Ortega pointed out: "We have been hitting them daily and forcing them to withdraw toward Honduran territory."

He also said: "We think the United States has tried to again launch the mercenaries' forces to get from the U.S. Congress the $40 million still not delivered to the anti-Sandinists."

On 25 June 1986, the U.S. Congress approved $100 million in economic and military aid for the anti-Sandinists. Already $60 million has been delivered, but the rest of the money must be approved by Congress.

The Sandinist leader told newsmen that the White House has made every effort to hurl the 6,000 contras, "or all of the members of the counterrevolutionaries' organizations," against civilian objectives and government centers.

Ortega said that the rebel troops are being defeated and that this is why these groups utilize "terrorist methods against the peasant civilian population in the country's north."

The present charged that the United States is waiting for a chance to have all of its military forces participate in an intervention in the region, specifically against Nicaragua.

OPPOSITION PARTIES MEET WITH OBANDO Y BRAVO

PA280358 Managua BARRICADA in Spanish 26 Feb 87 p 5

[Text] Managua -- A delegation formed by seven Nicaraguan opposition parties -- parliamentary and extra parliamentary parties -- met with Cardinal Obando y Bravo yesterday to deliver a peace proposal supported by those political organizations.

The 30-minute meeting took place at the archbishop's curia on the outskirts of Managua, where Cardinal Obando, the president of the Episcopal Conference, was accompanied by Manauga Auxiliary Bishop Msgr Bosco Vivas.

The seven parties which signed the 9-point proposal and presented it to the Sandinist government on 5 February are: Independent Liberal Party, Popular Social Christian Party [PPSC], and the Communist Party of Nicaragua, represented at the National Assembly.

The extra parliamentary parties are: Nicaraguan Social Christian Party [PSC], Social Democratic Party [PSD], Nicaraguan Conservative Party, and Constitutionalist Liberal Party.

The seven parties were represented by Erick Ramirez, president of the PSC; Mauricio Diaz and Jose Gabriel Montoya, of the PPSC; and Alonso Jarquin and Oscar Rosales of the PSD.

FDN REPORTS DOWNING OF HELICOPTER 27 FEB

PA281747 Panama City ACAN in Spanish 1710 GMT 28 Feb 87

[Text] Tegucigalpa, 28 Feb (ACAN-EFE) -- The anti-Sandinist FDN announced today that it downed a Nicaraguan military helicopter in the country's Atlantic region.

A contra spokesman in Tegucigalpa indicated that the aircraft which was downed yesterday afternoon was participating with two other helicopters in the bombing and strafing of rebel concentrations.

He said that the helicopter, which has yet to be identified and whose number of crewmen is also unknown, fell in Ponkaya, 20 km from San Pedro del Norte in the center of Zelaya Department on Nicaragua's Atlantic coast.

The rebel source told ACAN-EFE that FDN troops had trapped a number of Sandinist soldiers who asked for air support from their nearest command.

The number of rebel casualties was not disclosed by the spokesman because of "security reasons."

COMMENTARY ON TOWER COMMISSION REPORT

FL271445 Havana Tele-Rebelde Network in Spanish 1355 GMT 27 Feb 87

[Text] Washington -- Rumors are growing stronger in the U.S. media that there will soon be changes in the White House, beginning with the dismissal of Donald Regan, White House chief of staff. Observers believe that the Tower Commission report was benevolent with President Ronald Reagan, who is responsible for moves to get closer to Iran. During a press conference, former legislator John Tower tried to attenuate the guilt of President Reagan, saying that the President did not understand the nature of the operation he was involved in.

Information made public so far and the testimony of some of his aides before various committees demonstrate that Reagan was fully briefed on all confidential dealings with Iran which he himself had ordered. At one point, Reagan had proclaimed that not even an arrow can shoot through the Oval Office without his seeing or hearing it. The Tower Commission, however, tries to highlight the deficient handling of foreign policy, lack of executive control, and the evident discredit of the White House.

A commentary published in THE NEW YORK TIMES says that Reagan's personal style in this case indicates a disastrous lack of attention, supervision, interest, and leadership.

Reagan will address the nation this Tuesday to answer the Tower Commission's criticism. The elderly President says he is going to carefully study the report's recommendations and, if necessary, he will order reforms and face challenges.

According to THE WASHINGTON POST, the Tower Commission report sheds new light on the secret sale of arms to Iran and the diversion of part of the funds to the Nicaraguan counterrevolution. The 300-page document notes that Ronald Reagan let himself be carried away by compassion for the American hostages in Lebanon, without reflecting on the consequences that clandestine dealings with Iran would have for his government. A NEW YORK TIMES commentary says that the chaos in the White House for the past 3 months will force President Reagan to accept responsibility for a foreign policy that has turned out to be catastrophic.

U.S. Foreign Policy 'Failure'

FL271654 Havana Radio Reloj Network in Spanish 1503 GMT 27 Feb 87

[Fernando Delgado commentary]

[Text] The structure, mechanisms, and interests of U.S. political power have made the United States a country where an unimportant case can create a big scandal, or where, on the other hand, a big scandal can be filed away as an unimportant affair.

There is no better example of this than the political process that has taken place in the United States over the past 2 months, which initiated the crisis of the illegal arms sales to Iran and the subsequent diversion of profits to the Nicaraguan counterrevolutionary bands.

Overwhelmed by the successive wave of revelations on his administration's dirty procedures, President Reagan appointed a three-member investigative commission headed by former Republican Senator John Tower, who in releasing his report several hours ago, admitted that many unanswered questions still remained.

The movie-like image of power, control, and popularity that President Reagan had created for himself was staggering on the steps of the White House and threatening to fall at the feet of the American public. It was necessary to do something quickly. The task was assigned to the Tower Commission, whose report would scold the U.S. President, while making clear that Reagan did not understand the nature of the operation in which he was involved.

The President already has his life jacket and is now preparing to swim ashore after letting the current drag away several of his close advisers, including White House Chief of Staff Donald Regan, a virtual scapegoat of Reagan's illegal foreign policy dealings.

Although the scandal over the illegal arms sales to Iran had another aspect, openly described as criminal in the United States -- the diversion of those funds to the Nicaraguan counterrevolutionary bands -- the Tower Commission claimed that it was not able to delve into this due to Lieutenant Colonel Oliver North's refusal to testify. North was singled out as the mastermind of the undeclared war against Nicaragua, while Reagan described him as a national hero.

The Tower Commission's benevolent report on Reagan's role in the Iran-contra scandal did make one thing clear, however. It confirmed the failure of U.S. foreign policy, which is based on secret maneuverings against countries with which it is not at war, illegal negotiations with other countries which are considered enemies, and the use of force to guarantee its interests.

Even before it was appointed and began its limited investigation on the Iran-contra scandal -- which in the end failed to look into the million-dollar transfer of funds to the Nicaraguan counterrevolutionary bands -- the Tower Commission had a second function, which was undoubtedly the most important one to Reagan. The opportunity to rise over his almost corpse-like political image and respond to the investigation with various adjustments and reforms that will help expose figures who cast a shadow over his image.

It will be impossible for the U.S. President to thank the Tower Commission enough for the time it gave him to review the situation with his advisers, dismiss several of them, and keep his unjust mercenary war against Nicaragua in its usual and scandalous silence.

Tower Report 'Rigged'

FL272040 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Feb 87

[Station Commentary]

[Text] As we predicted 2 days ago, the Tower Commission report released yesterday on the investigation of the Iran-contra scandal failed to shed any light on the matter.

Although the document criticized Reagan for his lack of control over the U.S. Administration, it reinforced the image of a President who was the victim of his advisers and poorly served by them.

According to the Tower report, Reagan was partially informed about extremely sensitive U.S. foreign policy activities. It goes so far as to admit that the President may have approved the first shipment of arms to Iran in 1985 -- before, and not after, it was in fact sent. Reagan said that he does not remember.

However, the document acquits the President of responsibility in the destination of the funds derived from those sales. This is the most important legal aspect of the matter. confirmation that Reagan authorized the division of funds to the Nicaraguan contras would imply a violation of a Congressional prohibition that was effective from 1984 to 1986. Therefore, the President would have violated the U.S. Constitution and once again, the United States would have been shaken by a process similar to Watergate.

That is the key reason why attempts have been made to distance the President from center stage, allowing several already unsalvageable heads to roll, and thus preventing a blow, not against a party or a politician, but against the system itself.

However, questions will remain unanswered for the American people. Can it perhaps be possible that subordinates to the President make decisions without his knowledge, even if these jeopardize U.S. security? If this is so, what guarantees will there be to prevent this from happening again? Knowing Reagan's opportunistic leanings, we are certain that the President is the principal culprit in this dirty operation and that he planned it and ordered that it be carried out based on the following assumptions: First, it was meant to transfer the arms to Iran through Israel to kindle the war between that country and Iraq, both countries being members of the Nonaligned Movement. Second, to attempt to obtain the rescue of several of the U.S. hostages being held by armed groups in Lebanon, which would have given an important propagandistic package to the Republicans in the upcoming presidential elections. Third, to transfer the funds from those sales to the Nicaraguan contras at a time when he could not obtain that money through congressional approval.

Therefore, Reagan deceived the Congress, violated his country's Constitution and tricked his allies and the American people. History will prove this some day, despite rigged investigations.

COMMUNIQUE ON U.S. RIGHTS VIOLATIONS CITED

PA280308 Madrid EFE in Spanish 0000 GMT 28 Feb 87

[Text] Havana, 27 Feb (EFE) -- Jose Raul Viera, first foreign relations vice minister of Cuba, today released a Foreign Ministry statement saying that "it is time for the United Nations to begin concerning itself with the violations of human rights by the U.S. Government."

The statement, which was read before the local and foreign press, denounces "massive and flagrant violations" of human rights" [quotation marks as received] in the United States against the black, Hispanic, Puerto Rican, and Indian populations.

It also refers to the bill submitted in Geneva for the UN Commission on Human Rights to study U.S. policy in the violation [violatoria] of human rights.

Cuba will not allow the United States to look into the question of human rights on the island even though "we really have nothing to hide," Viera said.

The Cuban vice foreign minister asserted that "no one is in jail in Cuba for not sharing the ideas of the revolution. One goes to jail when one violates the laws."

Regarding the status of former Cuban political prisoner Ricardo Bofill, Viera noted that "like every citizen of this country, he has the right to demand emigration. He will emigrate in accordance with the national laws."

He added that "in this particular case it must be kept in mind that he is subject to a sentence he has not served. He is on parole. Second, account must be taken of his attempt to exert pressure and disrupt the normal development of Cuba's relations with other countries."

Bofill, former professor of the University of Havana, remained in the French Embassy for several months to request permission to be able to visit other countries.

The vice foreign minister stressed that Cuba has occasionally released prisoners as a courtesy to countries and friendly leaders, but "nothing will be obtained from Cuba through pressure."

BOHEMIA REJECTS U.S. HUMAN RIGHTS CHARGES

PA282248 Havana International Service in Spanish 1600 GMT 28 Feb 87

[Part one of a two-part program]

[Text] Exasperated because of its failures and powerlessly viewing how Latin American-Cuban ties are being consolidated, the U.S. Government has resorted to the human rights violations fable in an effort to discredit our country.

This is the subject of two programs. Today we will broadcast part one.

The popular Cuban magazine BOHEMIA published in its latest edition a lengthy and well-documented article by Miguel Rivero, a journalist who for years was a PRENSA LATINA correspondent in various world capitals.

The publication notes that the Ronald Reagan government has just presented to the Human Rights Commission in Geneva a proposed resolution condemning Cuba. Evidently, Rivero states, the United States has embarked on a political adventure of unforeseeable consequences. The reason for this is the sick hatred that the current U.S. rulers have for the Cuban revolution.

It is significant that the Reagan administration decided to take this step considering that it recently suffered a setback at the UN General Assembly when it tried a similar maneuver against Cuba.

Perhaps the U.S. strategists think that in this commission -- a department of the UN Economic and Social Council -- their slander and lies will have better luck since this department is composed of only 43 UN members. Cuba does not belong to this forum and therefore the Cuban delegation has a certain disadvantage because regulations put limitations on its participation.

The North Americans have taken to an international meeting something that clearly has roots in the bilateral differences that arose with the victory of the Cuban revolution. This is a fact that has not been passed by inadvertently by friends and allies of the United States who are part of this commission.

Miguel Rivero's article for BOHEMIA states that Washington took a dangerous path when it intensively politicized the debates of the Human Rights Commission. Some U.S. allies have realized this. In Geneva there are many delegations with fragile roofs.

What will happen the day a country having a conflict with Great Britain starts looking, for example, into the human rights violations committed in the occupied territory of Northern Ireland? The Human Rights Commission will be turned into a forum for constant debates if the principle of discussing bilateral differences is accepted. Or is it perhaps that what the North Americans really want is to paralyze the work of the commission to protect racist South Africans, the Zionists, or the fascists of Chile who have been constantly, and justly, sitting at the defendants' bench?

The BOHEMIA article adds that the Reagan administration has presented to the commission the traumatic and frustrating experience it has endured for a quarter of a century packed with failures, misfortune, and setbacks because for all that time, the world's most powerful empire has tried to destroy and crush this small island. The empire now is facing the unquestionable fact that the revolution now has deeper roots and is stronger and more combative.

It is good to know some of the arguments the U.S. delegation uses to attack our country. Together with the proposed resolution against Cuba, the U.S. delegation circulated a document in Geneva according to which many people are interested in Cuba because there is no freedom of artistic expression, labor rights, or religious freedom.

This is no more and no less than the classic way of making an impression on the naive. The truth is that when each alleged violation is examined, it has been determined that there have been causes for the arrests and that crimes ranging from plots to attack leaders of the revolution to espionage and sabotage activities have been established.

The drafters of the document could barely come up with 40 names and, of course, they were unable to accuse the revolution of engaging in a practice that is notorious in other Latin American countries: the missing people.

The simple truth is that Reagan's envoys know that there are no missing people in Cuba and that torture and abuses were abolished on 1 January 1959, the day the revolution won.

'AMERICANIZATION' OF PUERTO RICO CRITICIZED

PA271937 Havana International Service in Spanish 1600 GMT 26 Feb 87

[Report on GRANMA article titled: "Showcase of a System" by Astrid Barnett]

[Text] With 3 million people, Puerto Rico is an economic, structural, military, political, juridical, and administrative dependency of the United States.

The influx of American culture, or Americanization, in Puerto Rico is administratively, legally, and juridically directed by the government in Washington and supported by its Army and other repressive institutions such as the FBI.

In her work published by the Cuban paper GRANMA, journalist Astrid Barnett claims that the process of open cultural aggression in Puerto Rico began in 1898 with the U.S. military regime of occupation. The aggression has not changed since that time, despite deceiving facades such as the status of associated free state given to Puerto Rico.

Education has been the most powerful means or instrument used in the process of Americanization against Puerto Rico. If Spanish colonialism kept people ignorant as a means of domination, U.S. colonialism used opposite and easier means. By controlling education, U.S. colonialism systematically developed a psychological colonialization.

That process has been promoted by hiring teachers, supervisors, and superintendents or [words indistinct] and by the systematic teaching of the English languge, U.S. history, U.S. development, and the praiseworthy U.S. lifestyle.

The GRANMA article continues saying that on the other hand and because of its inability to maintain stable industries with ample job opportunities, the colonial government has found a powerful escape valve in the migration process. The colonial government has put this process to work in various forms, including using it as intermediary for the great U.S. consortiums, which mostly recruit Puerto Rican workers to work in subhuman conditions in several U.S. regions.

In this inflow of cheap labor, imperalism has an agricultural and industrial army for those jobs that do not require great dexterity. In addition, this army is also cannon fodder for the imperialists' warlike activities throughout the world.

It is important to point out that between 1950-1972 -- a time of imperialist aggressions against Korea and Vietnam -- the Yankee Army recruited nearly 110,000 Puerto Ricans.

Tourism is another aspect that lacks a cultural orientation, specifically a Puerto Rican orientation. Tourism on the island is everything but a healthy and enriching wealth of experiences for the visitors. The orientation that the colonial government and its U.S. sponsors have given to tourism has contributed to the country's becoming a center of Mafia operations, casinos, prostitution, and drugs.

It can be asserted that pornography has invaded the country. Furthermore, it parades along the market, showing off its profits. Photographs and films circulate freely. Those items have passed through customs and the post office -- two services under direct U.S. control -- without restrictions.

In her article titled "Showcase of A System," Cuban journalist Astrid Barnett says that the drug traffic situation is perhaps the most worrying problem in Puerto Rico. The magnitude of the problem can be verified through the usually confiscated drug cargoes, which in 1986 amounted to $750 million; and through the many people arrested on the occasions when the colonial government has partially succeeded in carrying out raids.

In addition, current Puerto Rican Governor Rafael Hernandez Colon recently admitted that crime in the island increased by nearly 2 percent last year and that he would therefore recruit 1,400 new policemen and expand jails.

The permanent cultural, political, and economic aggressions of U.S. imperialism has made Purto Rico into precisely the opposite of what imperialists try to describe as the showcase of democracy.

PLANNING OFFICIAL DISCUSSES 1987 ECONOMIC PLAN

PA251700 Madrid EFE in Spanish 0521 GMT 24 Feb 87

[Text] Havana, 23 Feb (EFE) -- This year Cuba is planning to develop "the best economic plan, with the best possible basis, impartiality, and efficiency," Jose Lopez Moreno, the minister president of the Central Planning Board, has said.

When summarizing the work done by the board during 1986, Lopez Moreno said that it carried out a difficult task because of the circumstances in which it was necessary to carry out the economic plan and prepare for the 1987 plan.

He described such circumstances as "our difficult foreign financial situation, adverse climatic conditions, and the resolution of errors and deficiencies in the completed work."

He said that these factors "forced us to modify the 1986 plan twice, and at the end of the period, it was necessary to make changes to postpone the goals that had been initially set."

In regard to the 1987 plan, he said that "we still face the same limitations of foreign financial resources and of materials in meeting the objectives of economic development and social welfare."

Last December, the authorities announced that Cuba would reduce by 50 percent its imports from market economy countries, something which has forced Cuba to prepare an economic plan with only $600 million for that purpose.

The 1987 plan calls for 28 economic measures whose goal is to launch a radical policy of savings and reduced dependency on imports, and increase exports that generate revenue in freely convertible currency.

The measures on savings and austerity launched in January include other aspects such as an increase in public transportation and domestic electricity rates, a readjustment in the distribution of some products, as well as the elimination of certain gratuities.

Cuba is currently undergoing a difficult economic situation, particularly in regard to freely convertible currency revenues from market economy countries.

Cuban authorities attribute this to the drastic reduction in oil prices, the continuous drop in the prices of sugar, and the effects of the severe drought affecting the island, in addition to the devaluation of the dollar.

STEEL INDUSTRY STARTS 1987 ON 'BAD FOOTING'

FL262257 Havana Radio Periodico del Aire in Spanish 1700 GMT 26 Feb 87

[Text] Metallurgical workers and, consequently, the Ministry of the Steelworking Industry, began 1987 on a bad footing. The ministry obtained approximately 40 million pesos in revenue in January, 85 percent of the estimated revenue for that month.

This was reported during a meeting of the National Committee of the National Iron and Steelworker Union. First Vice Minister Ignacio Gonzalez attended the meeting. He discussed the 1987 steelworking program and the problems the ministry has had in meeting monthly production goals.

HAVANA EXPERIENCING 'SERIOUS' WATER SHORTAGE

FL231418 Havana Radio Reloj Network in Spanish 1325 GMT 23 Feb 87

[Text] A serious water shortage continues in Havana. Last month, 21 million cubic liters were delivered to the population out of the 36 million that should have been distributed. The areas most affected continue to be Havana del Este, Guanabacoa, Regla, and Old Havana. The municipalities that are wasting the most water domestically are Plaza, Diez de Octubre, Lisa, and Playa.

In the state sector, there are thousands of centers wasting water. Among them are the Luis Diaz Soto, Hermanos Amei Jeiras, and Joaquin Albarran hospitals; the Riviera and Nacional hotels: the Antonio Maceo and Julio Antonio Mella slaughterhouses; Cubana Paperworks, Rio Cristal, and others.

If the day comes when these excesses are the subject of fines and those responsible pay the penalty, the situation might change and people would be more aware of it.

HAITI

GOVERNMENT DENIES PLAN TO SUSPEND DEBT PAYMENTS

PA271601 Paris AFP in Spanish 1500 GMT 27 Feb 87

[Text] Port-au-Prince, 27 Feb (AFP) -- The Haitian Government officially denied here today that its country is planning to suspend the payment of its debt.

In statements made in Paris, a high-ranking international official who asked to remain unidentified had said that Bolivia, Nicaragua, Haiti, and Guyana were planning to do this.

Haitian Economy and Finance Minister Leslie Delatour stressed that the problem of a moratorium does not arise in the case of the Haitian debt, which is not as overwhelming if it is compared with that of other Latin American countries.

The Haitian foreign debt amounts to approximately $700 million. It is one of the lowest in the Third World and is essentially composed of long-term loans at very low interest rates.

TRINIDAD AND TOBAGO

GOVERNMENT RESHUFFLES CIVIL SERVICE LEADERS

FL281410 Bridgetown CANA in English 1245 GMT 28 Feb 87

[Text] Port-of-Spain, Trinidad, Feb 28, CANA -- The new government last night announced a major reshuffle in the top ranks of the civil service. Nine new permanent secretaries have been appointed and 12 reassigned, the prime minister's office announced.

The new appointees include Prime Minister A N R Robinson's economic adviser Eugenio Moore, chairman of a transition team appointed to oversee a smooth change of government following December's general election win by the National Alliance for Reconstruction (NAR). Moore will also serve as head of the public service.

The changes follow what has been described as a quiet war between the NAR administration and the public service, used to the defeated People's National Movement government for 30 unbroken years.

One noticeable transfer was that of former Housing Ministry's Permanent Secretary David Punch. Two weeks ago, Settlements Minister John Humphrey accused Punch of misleading him and said that employees within the ministry tried to sabotage his work.

The prime ministers office also announced the transfer of National Security Permanent Secretary Louis Rodriguez to full-time duty looking into matters arising from the Scott drug report on drug abuse. Rodriguez was one of three commissioners appointed three years ago to look into the extent of the illicit drug trade. The report, presented to the government one year ago, was made public this month. The report linked senior magistrates, top police officers, and former government ministers with the drug trade.

BOUTERSE CITES CRISIS IN ANNIVERSARY SPEECH

FL271845 Paramaribo International Service in English 1730 GMT 27 Feb 87

[Text] The current crisis in Suriname has created a historic moment which must be seized without delay for the execution of the innovations of the revolution which were presented in its early days. The social partner, with whom the military authorities share power, must produce strong characters to do this difficult job.

This was stated by government leader Desi Bouterse on Wednesday on the occasion of the 7th anniversary of the revoltuion. The speech on this occasion was held not in Paramaribo as usual, but in the Nickerie District. Bouterse said: Since the cooperation with the political parties, the business sector, and the trade union movement, this spirit of the revolution decreased. [as heard] The actual circumstances, according to Bouterse, showed that the necessary changes which the process in its early days had sought to bring about, should now be realized.

Government leader Desi Bouterse on Wednesday in Nickerie spoke of a deep crisis which presently grips the country. He said a good distribution system must be set up to enable the fair distribution of scarce food items among Surinamese. He said priority should be made because of the shortage of foreign currency. Decisions on this have not yet been taken because it has to be done in cooperation with the people. Central Bank has been given the necessary instructions to make enough foreign exchange available on a monthly basis to guarantee basic food items.

BOUTERSE FOCUSES ON AUSTERITY IN 20 FEB SPEECH

PM271202 Rotterdam NRC HANDELSBLAD in Dutch 21 Feb 87 p 1

[Unattributed report: "Bouterse Announces Referendum And Crisis Measures"]

[Text] The Hague/Paramaribo, 21 Feb -- In a television address yesterday Surinamese Army leader Desi Bouterse announced a number of economic crisis measures. The army leader also named September as the month in which a referendum on the new constitution will have to be held.

The commander told Surinamers that they will have to live more thriftily "in order to make economic growth easier," although he admitted that it "is clear that we cannot do much more." Bouterse said that gasoline must be used sparingly. From this, observers conclude that this fuel is on the point of being rationed. He also told the Surinamese people that the country's scarce foreign currency reserves could no longer be used for vacation trips. This means that Surinamers traveling abroad will not now be able to take any foreign currency with them. The amount they were able to take abroad was already limited to 300 (Netherlands) guilders. The cost of Suriname's embassies abroad will have to be cut by at least 50 percent, the army leader said.

The army leader promised that in September a referendum will be held on the new constitution, which is supposed to be ready by the end of March. This was the first time he has mentioned a date for the referendum. Bouterse reiterated that there will be elections before March 1988. "They will take place, no matter what happens," the commander said. He warned the demonstrators who have gone out onto the streets in the last week to protest against the food shortage and against the regime. The patience of those in power with "all antinational forces" is at an end, Bouterse said.

It can be assumed that there will be more economic measures than the army leader announced. "You have not heard some endless list of figures, nor have I given you a full summary of all the measures contained in the crisis plan," Bouterse said in his address.

On the subject of the Suralco bauxite company, which is now at a standstill, the army leader said that he cannot accept that "in the face of all laws" thousands of workers "should simply be turned out onto the streets." "We will not allow this company, which in the last few years has been able to make profits of billions of dollars, and take them out of the country, to simply leave our people in the lurch during the current problems." Bouterse said that a government negotiating team "with very clear instructions" will begin talks with Suralco.

NATIONAL DISCUSSIONS TO BEGIN 1 MARCH

FL271905 Paramaribo International Service in English 1730 GMT 27 Feb 87

[Text] On Monday, Commander Bouterse will begin a week of national discussions with the various sectors of the community. People will have the opportunity to bring forward ideas for a possible solution to the present situation.

Bouterse disclosed this to journalists earlier this week in Nickerie on the occasion of the 7th anniversary of the revolution. The commander hopes to have discussions with students, factory workers, and the unemployed. Other participants at the national discussions will be drawn from the business sector, the trade union movement, and the 25th of February movement.

SCHOOLS REMAIN CLOSED 'UNTIL FURTHER NOTICE'

FL261301 Bonaire Trans World Radio in English 1130 GMT 26 Feb 87

[Excerpts] Suriname's Military Government has said that its schools in and around the capital, Paramaribo, must remain closed until further notice. On Monday and Tuesday [23-24 February] of this week, they were closed in connection with student demonstrations against the government and food shortages. [passage omitted]

For the first time, the Surinamese Government is facing widespread opposition from civilians. Surinamers are unhappy with blackouts and shortages of basic needs such as sugar and cooking oil. French officials say more than 6,000 refugees from the eastern Combat Zone have fled into neighboring French Guiana and there are reports that government troops have massacred civilians. [passage omitted]

Effort To Reopen Schools

FL271855 Paramaribo International Service in English 1730 GMT 27 Feb 87

[Text] The temporary closure of secondary and high schools in the Paramaribo and Wanica Districts has to do with the total security of the country, according to Director of Education (Harold Drislan). Last week the students came out on the streets following the distribution of pamphlets which called on them to demonstrate against the government and the shortage of food items. Mr. (Drislan) told our newsroom that following a meeting with the students and teachers, both students and teachers expressed the intention to catch up for the time lost. The ministry is making all efforts to reopen the more than 80 affected schools by next Monday.